Georgian Oil and Gas Corporation
Solid Performance, Good Prospects

Georgia | Energy
Georgian Oil and Gas Corporation
August 14, 2018

S&P / B+ / Outlook Stable
Fitch / BB- / Outlook Positive

GOGC released strong audited FY17 results. Revenue remained largely flat, standing at US$ 267.7mn, while the reduction in the average gas purchase price contributed to the decline in operating expenses (-7.9% y/y to US$ 188.9mn). As a result, adjusted EBITDA reached US$ 93.7mn, up 17.7% y/y. Higher adjusted EBITDA and the considerable cash balance drove the net-debt-to-adjusted EBITDA ratio to 0.9x as of end-17 compared to 2.2x a year before. With significant capital expenditures planned for 2018-20, we expect this ratio to temporarily deteriorate in 2018 but remain comfortably below the 3.75x Eurobond covenant. The commissioning of the Gardabani II CCPP from 2019 is expected to generate an additional steady cash flow stream for GOGC and bring this ratio close to 1.0x.

Revenue flat

FY17 revenue remained flat at US$ 267.7mn. Gas and electricity sales – two major revenue streams accounting for 86.3% of the total revenue – remained relatively stable, growing 2.8% y/y and 2.2% y/y, respectively. Revenue from rent of pipelines was down 17.6% y/y to US$ 23.9mn while crude oil sales rose 27.4% y/y, helped by increased oil prices worldwide.

Operating expenses down

The cost of gas, the largest expense category accounting for 82.9% of total operating expenses, was down 4.8% y/y to US$ 157.4mn. Other operating expenses were also down (-18.5% y/y). The strengthening of the GEL against the US$ between end-16 and end-17 led to a non-cash FX gain of US$ 2.7mn in the reporting period compared to a US$ 21.3mn loss last year.

EBITDA and profitability improved

Reduced operating expenses coupled with stable revenue stream translated into a 17.7% y/y increase in adjusted EBITDA, which came in at US$ 93.7mn. The adjusted EBITDA margin also improved to 35.0% in 2017 from 29.7% a year before. Appreciation of the local currency in 2017 helped the bottom line, which more than doubled to US$ 87.9mn in 2017.

Major capital projects planned over 2018-20

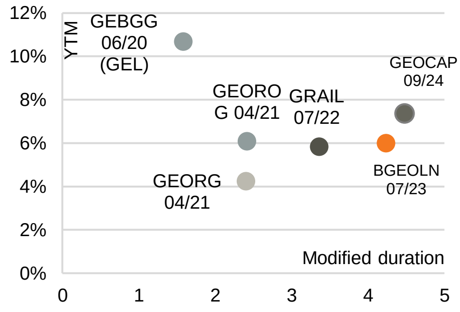
China Tianchen Engineering Corporation was chosen to construct the Gardabani II CCPP with installed capacity of 230MW. The active phase of construction began in spring 2018 and completion is scheduled for winter 2019-20. The construction will be fully funded from GOGC's internal sources.

Construction of the underground gas storage reservoir is planned for 2019-20. The German Development Bank (KfW) and European Investment Bank (EIB) are among the international organizations being considered for financing the US$ 300mn project.

Compliant with Eurobond covenants

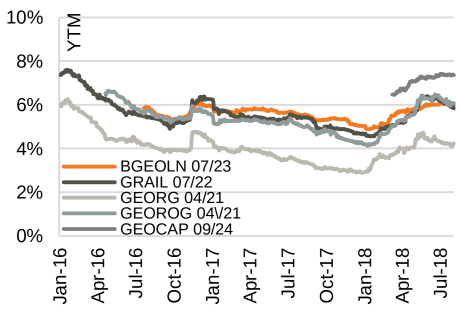
With significant growth of adjusted EBITDA, the net-debt-to-adjusted EBITDA ratio improved considerably from 2.2x in 2016 to 0.9x in 2017. This ratio is expected to remain comfortably below the Eurobond covenant of 3.75x over the medium term.

Figure 3: Georgian Eurobond universe



Source: Bloomberg

Figure 4: Georgian Eurobonds



Source: Bloomberg

Table 1: Key financials (US$ '000) and margins

	FY16	FY17	Change, y/y
Revenue	267,729	267,710	*0.0%*
Gross profit	102,461	111,191	*8.5%*
Gross profit margin	*38.3%*	*41.5%*	*326 bps*
EBITDA	80,051	96,923	*21.1%*
EBITDA margin	*29.9%*	*36.2%*	*630 bps*
Adjusted EBITDA	79,600	93,723	*17.7%*
Adjusted EBITDA margin	*29.7%*	*35.0%*	*528 bps*
EBIT	63,207	82,045	*29.8%*
EBIT margin	*23.6%*	*30.6%*	*704 bps*
Net income	32,973	87,859	*166.5%*
Net profit margin	*12.3%*	*32.8%*	*2050 bps*
Assets	597,427	640,322	*7.2%*
Liabilities	328,576	288,300	*-12.3%*
Equity	268,851	352,021	*30.9%*

Source: Company data

US$-GEL	FY13	FY14	FY15	FY16	FY17
Period-end	1.736	1.864	2.395	2.647	2.592
Average	1.663	1.766	2.270	2.367	2.509

Source: NBG

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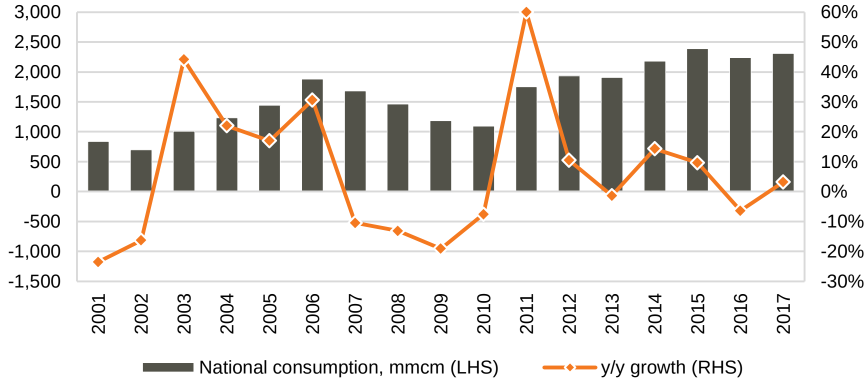
Gas market overview

Gas consumption in Georgia continues to increase, posting 5.3% CAGR over 2013-2017. In 2017, demand for natural gas reached 2.3bcm – up 3.2% y/y. This growth mostly driven by new household subscribers added to the distribution network (reaching 1.1mn, +9.3% y/y) under the gasification program initiated by the government.

Natural gas consumption in Georgia is expected to reach 3.1bcm per annum by 2030 according to the 10-year development plan prepared by GOGC on the back of increased consumption by both households and the commercial sector.

Figure 1: Annual natural gas consumption, mmcm

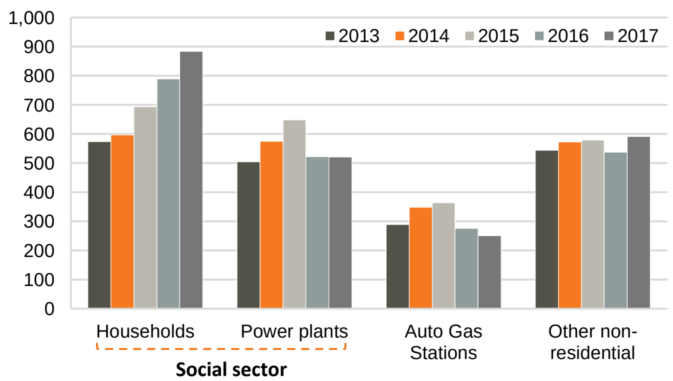


Source: GNERC, Galt & Taggart Research

The increased popularity of gas heating among households is the main reason behind the continued increase in gas demand in Georgia. Over 2013-17, growth in household consumption outpaced overall demand growth, posting an 11.4% CAGR compared to 4.9% CAGR for the latter. Gas consumption by households reached 884 mmcm in 2017, up 12.0% y/y.

Households and the commercial sector together accounted for 63.9% of total consumption in 2017 while 10.9% or 521 mmcm of gas was used for power generation. Going forward, we expect household demand to grow on average by 3.5% over 2018-20. Meanwhile, TPP consumption is forecasted to increase by 3.5% and 4.8% in 2018 and 2019, respectively, and decrease gradually from 2020 due to the expected commissioning of HPP projects with installed capacity of more than 200MW and expected annual generation of 1000GWh.

Figure 2: Gas consumption by sources



Source: GNERC, Galt & Taggart Research

Azerbaijan remains the major source of natural gas imports in Georgia, accounting for 95.3% of total gas imports in 2017. As a transit country for the South

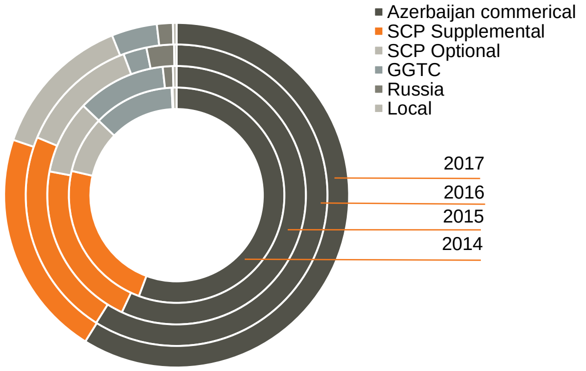
Caucasus Pipeline (SCP), Georgia can buy significant amounts of gas from Azerbaijan at a reduced price:

- Pursuant to the SCP Option Gas Agreement, GOGC has the right (but not the obligation) to purchase up to 5.0% of the natural gas transported through Georgia via the SCP; and
- According to the SCP Supplemental Gas Agreement, an additional fixed amount (500 mcm) can be purchased below the market price.

Furthermore, as the only route for the transportation of Russian natural gas to Armenia goes through Georgia, the Georgian Gas Transportation Company (GGTC) – the state-owned operator of the Main Gas Pipeline System in Georgia – receives 10.0% of all of the natural gas transported through the pipeline (NSGP) as an in-kind transit fee. This gas has historically been sold on to GOGC at a fixed price of US$ 110 per mcm. After negotiations with the Russian party in 2016, a new two-year contract was signed, according to which GGTC received only a portion of the gas as an in-kind transit fee (100 mmcm) in 2017; from 2018, the payment is to be 100% cash-based.

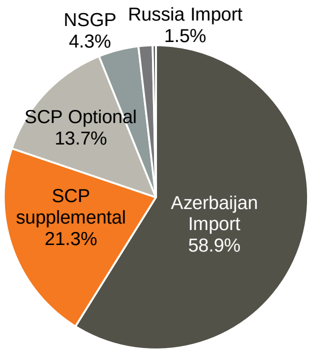
On the back of the increased throughput of SCP, the amount received from the Optional Gas Agreement reached 321 mcm (+10.0% y/y) in 2017. Commercial gas purchased from Azerbaijan remained stable (+4.4% y/y) while gas received as an in-kind fee from Russia totaled 100 mcm.

Figure 3: Gas import sources in Georgia



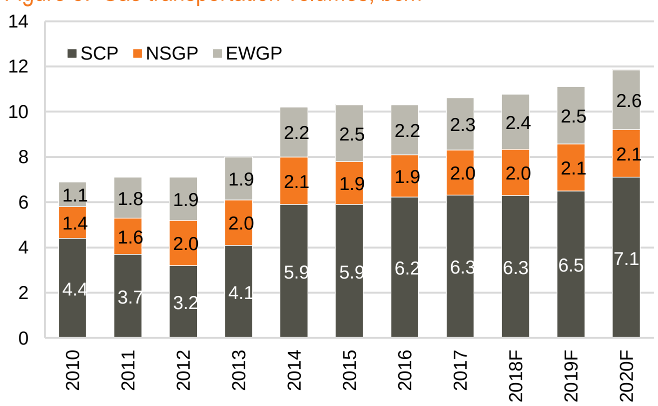
Source: Company data, Galt & Taggart Research

Figure 4: Gas import sources, 2017



Source: Company data, Galt & Taggart Research

Figure 5: Gas transportation volumes, bcm



Source: Company data, Galt & Taggart Research

The volume of natural gas delivered from SCP (the cheapest source) is not enough to meet Georgia's total consumption. The government determines that households and TPPs should receive the cheaper natural gas (social gas) received from SCP and NSGP as transit fees. The rest of the market (commercial) is deregulated and natural gas is supplied to them without set tariffs.

GOGC, as the national gas company, is responsible for meeting the social sector's gas demand. By combining different sources of gas, GOGC is able to sell gas at a fixed price to the SOCAR Gas Export Import, which satisfies gas demanded by the social sector (households and TPPs).

Shah Deniz Stage 2

The ongoing Shah Deniz Stage 2 project, one of the largest gas developments in the world, is expected to add 16.0 bcm per year of gas production to the circa 10.0 bcm produced by Shah Deniz Stage 1. Based on our calculations, Shah Deniz 2 should gradually increase SCP's throughput from 6.3 bcm in 2017 to 18.2 bcm in 2022 with a major bump expected in 2020. The increased throughput of SCP will significantly reduce the average purchase price for GOGC from the current US$ 94.3 per bcm to circa US$ 77.0 per bcm in 2022.

The first stream of gas within the Shah Deniz 2 project is expected to be delivered in Turkey in 2018 and in Europe in 2019. Currently, construction works of different segments of the pipeline are close to completion: 1) 99% of the SCPX has already been completed in Azerbaijan and Georgia; 2) 96.6% of the TANAP project has been completed in Turkey; and 3) 70.8% of the works have been completed for the TAP Project (Europe).

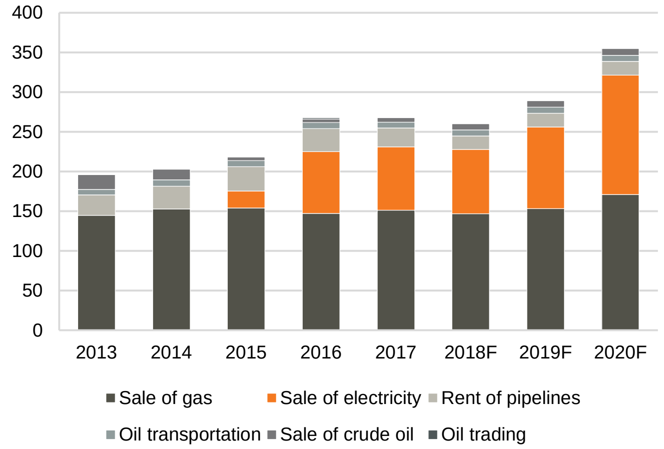
Map 1: Southern Gas Corridor expansion

Source: BP, Galt & Taggart Research

Top line stable

FY17 revenue remained largely flat at US$ 267.7mn. Gas sales – traditionally the largest contributor to revenue generation (56.5% of the total) – increased 2.8% y/y in 2017 as the volume of gas sold was up 2.0% y/y. The average sale price remained fixed at US$ 115.5 per mcm. The gas sale price is expected to remain flat over 2018-19 but increase 18.4% y/y to US$ 136.7 per mcm in 2020 according to the information provided by the company. On the back of increased gas consumption by the social sector, we expect revenue to grow at a 10.8% CAGR over 2018-20.

Figure 6: Revenue, US$ mn



Source: Company data, Galt & Taggart Research

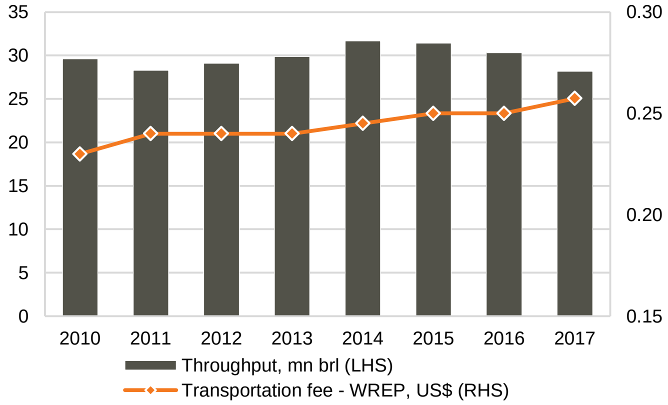
Electricity sales, which added US$ 79.6mn or 29.7% to total revenue in 2017, posted modest growth, up 2.2% y/y. Electricity sales are expected to produce a stable revenue stream over 2018-20, retaining around a 30.0% share of total revenue. The anticipated commissioning of the Gardabani II combined-cycle thermal plant in late 2019 will become another steady source of cash for GOGC.

Rent from gas pipelines – the third-largest revenue category, accounting for 8.9% of revenue in 2017 – fell 17.6% y/y to US$ 23.9mn in 2017. The introduction of a new tariff methodology for pipeline rental in September 2017 is to be blamed for the decline. According to the new rent agreement, the pre-existing volume-based pricing was changed to a fixed monthly fee of GEL 3.5mn. The effect of the new methodology is expected to reduce revenue further to around US$ 17.0mn in 2018 and thereafter.

Crude oil sales, which accounted for 2.1% of total revenue, posted the largest increase, up 27.4% y/y to US$ 5.6mn in 2017. The decrease in the volume of oil sales (-7.6% y/y) in the reporting period was more than offset by the recovery in oil prices worldwide (+40.8% y/y).

Oil transportation fees, representing 2.7% of revenue, shrank 4.3% y/y to US$ 7.3mn in 2017. The reduction was driven by the reduced volume sent through the Baku-Supsa (WREP) pipeline, which was down 7.0% y/y to 28.2mn bbl. We project oil transportation revenues to return to historical levels going forward.

Figure 7: Annual throughput volumes WREP, mn tonnes

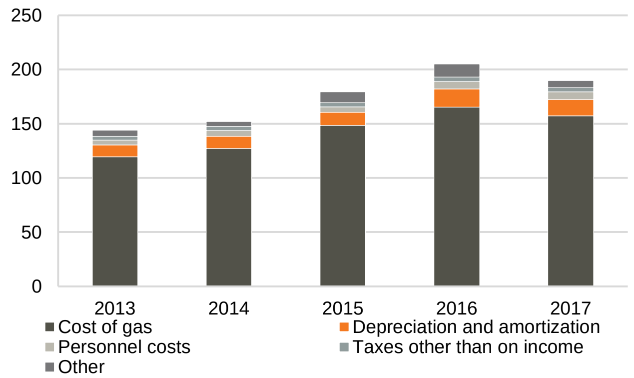


Source: Company data, Galt & Taggart Research

Cost of gas down, helping EBITDA

Operating expenses were down 7.4% y/y to US$ 189.7mn; in GEL terms, operating expenses decreased 1.9% y/y to GEL 475.9mn. The decreases in the cost of gas and other operating expenses were the main drivers of the decline.

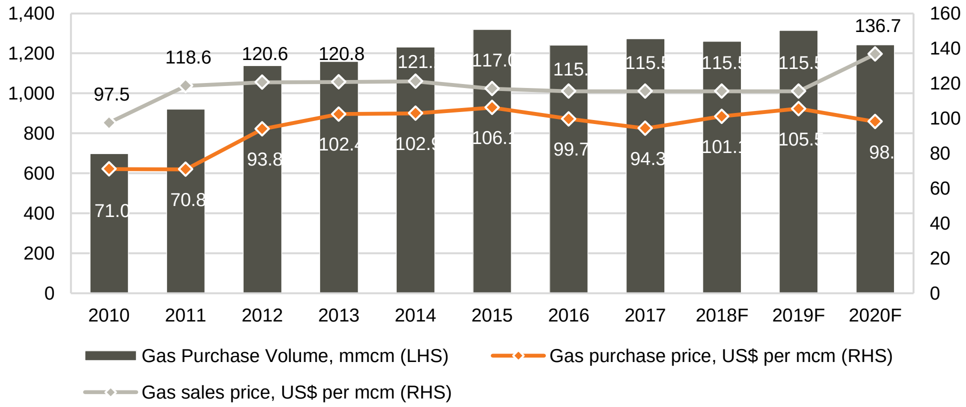
Figure 8: Operating expenses, US$ mn



Source: Company data, Galt & Taggart Research

The cost of gas, which accounts for the lion's share (82.9%) of the operating expenses, was down 4.8% y/y to US$ 157.4mn. The lower average purchase price, down 5.4% y/y to US$ 94.3 per mcm, was the main driving force behind this decrease.

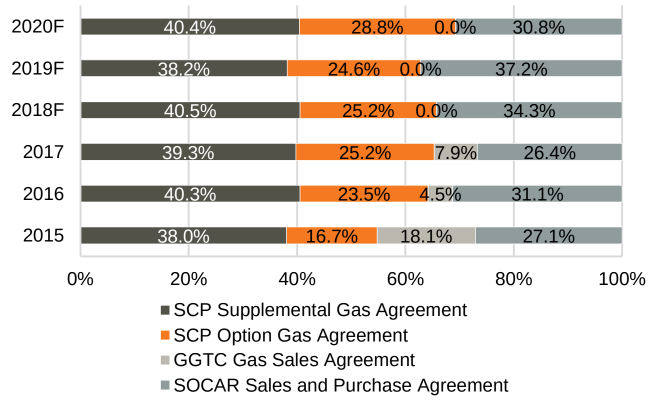
Figure 9: Gas purchase volume and prices, mmcm



Source: Company data, Galt & Taggart Research

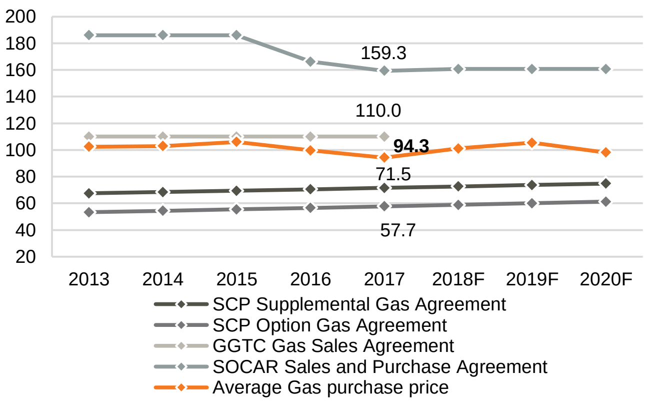
We expect the average gas purchase price to increase 7.3% to US$ 101.1 in 2018 and 4.3% to US$ 105.5 in 2019 as gas consumption growth is expected to outpace growth in SCP throughput and the share of more expensive gas (SOCAR) will increase. This trend is likely to revert from 2020 as the cheap gas supply is set to increase substantially.

Figure 10: GOGC's gas volumes by source, mmcm



Source: Company data, Galt & Taggart Research

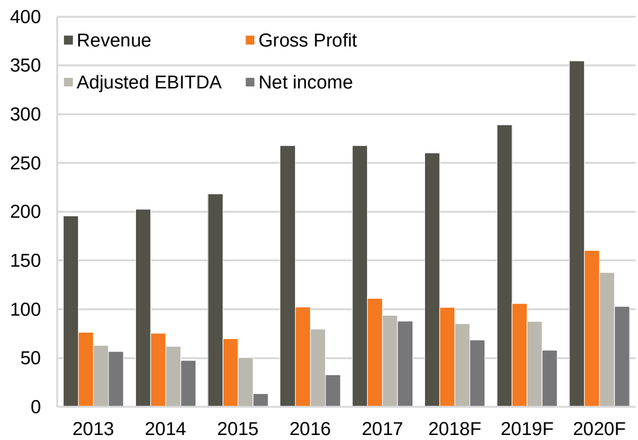
Figure 11: Gas purchase price, US$ per mcm



Source: Company data, Galt & Taggart Research

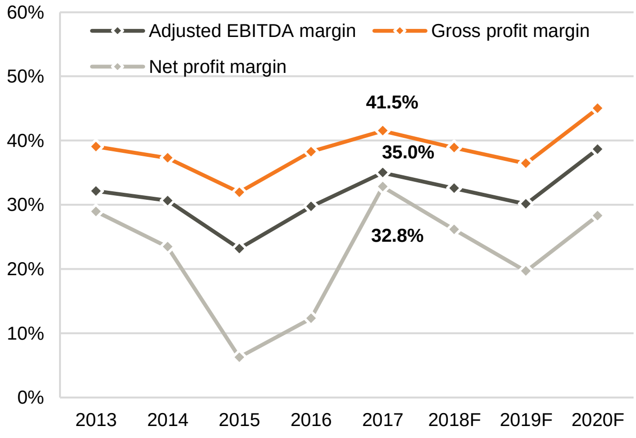
FY17 gross profit margin came in at 41.5% (38.3% in 2016) due to the falling cost of gas while revenue remained largely flat. Other income posted substantial one-off growth, increasing more than 7.0x in 2017 mainly due to excess inventory being identified. This drove EBIT up 29.8% y/y to US$ 82.0mn.

Figure 12: Income statement highlights, US$ mn



Source: Company data, Galt & Taggart Research

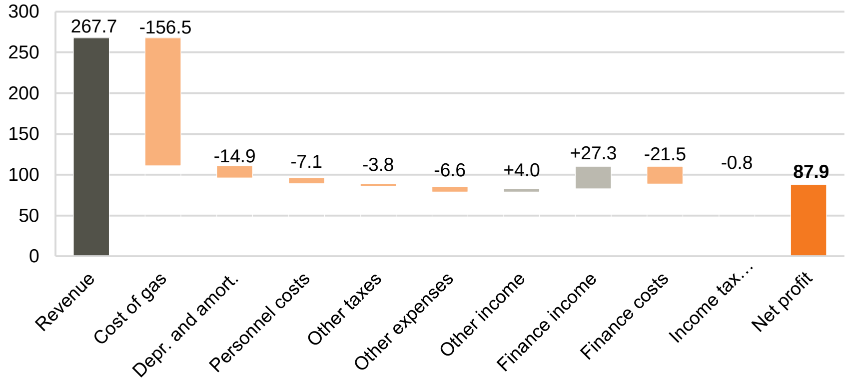
Figure 13: Profitability margins



Source: Company data, Galt & Taggart Research

GEL's appreciation against the US$ over end-16 and end-17 led to a non-cash FX gain of US$ 2.7mn compared to a US$ 21.3mn loss in 2016. Reduced operating expenses coupled with significantly lower finance costs caused the bottom line to more than double in the reporting period to US$ 87.9mn, up from US$ 33.0 a year before.

Figure 14: Net income derivation



Source: Company data, Galt & Taggart Research

FY17 adjusted EBITDA increased 17.7% y/y to US$ 93.7mn, which pushed the adjusted EBITDA margin up to 35.0% from 29.7% a year before. This was the result of the reduction in the cost of gas coupled with a significant drop in the other expenses balance, which was down 44.9% y/y to US$ 6.6mn as no impairment on receivables was recognized in the reporting period (compared to US$ 3.7mn in 2016).

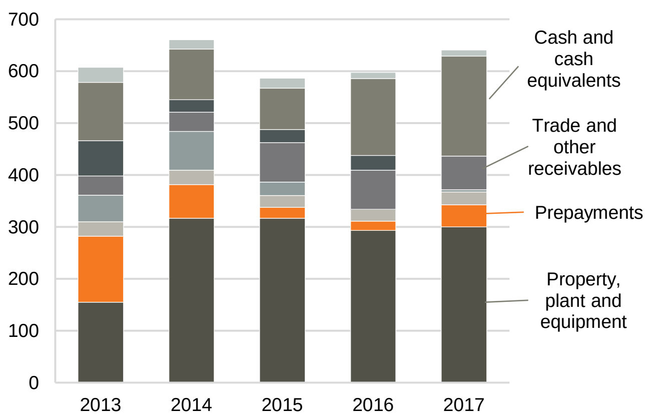
Balance sheet position

GOGC's capital structure remains largely the same with equity to invested capital standing at 56.0% in 2017. No major changes are expected in the near future.

Trade receivables balance decreased US$ 12.6mn in 2017. GGTC accounts for the sizeable share with the outstanding balance standing at US$ 8.2mn. In November 2017, the terms between GGTC and GOGC were modified significantly, which resulted in a US$ 2.1mn loss on derecognition of a financial asset, accounted for as a finance cost.

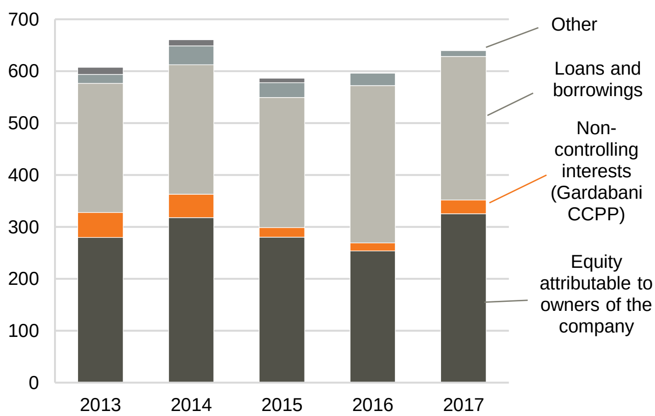
The considerable increase in the prepayments (US$ 22.9mn) is related to the construction of the Gardabani II CCPP. The commissioning of the CCPP is planned for winter 2019-20.

Figure 15: Asset composition, US$ mn



Source: Company data, Galt & Taggart Research

Figure 16: Equity and liabilities composition, US$ mn

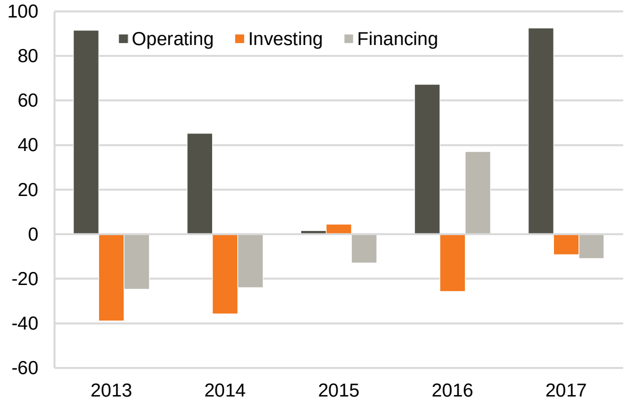


Source: Company data, Galt & Taggart Research

GOGC retains significant liquidity on hand with the cash balance standing at US$ 192.5mn as of end-2017. With an extensive pipeline of capital expenditure over 2018-20, the cash balance is expected to decline. A significant portion of capex in

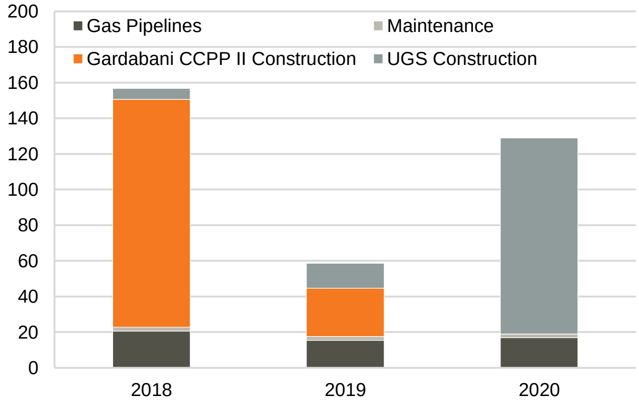
2018 is related to the construction of the Gardabani II CCPP, which GOGC plans to finance from internal sources. Construction of underground gas storage facilities is planned to commence in 2020. KfW and EIB are among the international organizations being considered for financing the US$ 300mn project.

Figure 17: Cash flows, US$



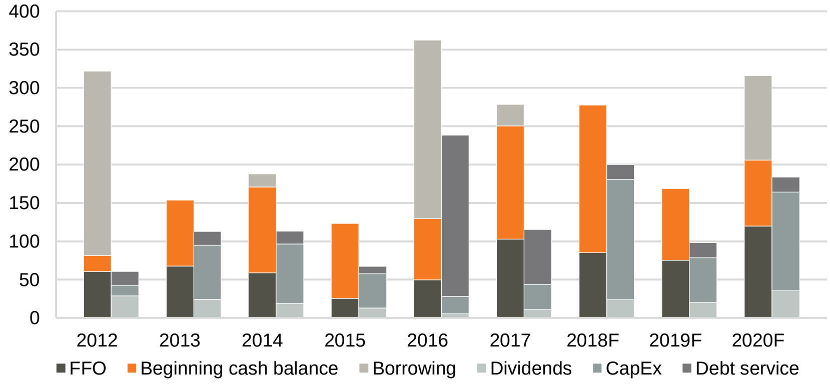
Source: Company data, Galt & Taggart Research

Figure 18: CAPEX pipeline, US$ mn



Source: Company data, Galt & Taggart Research

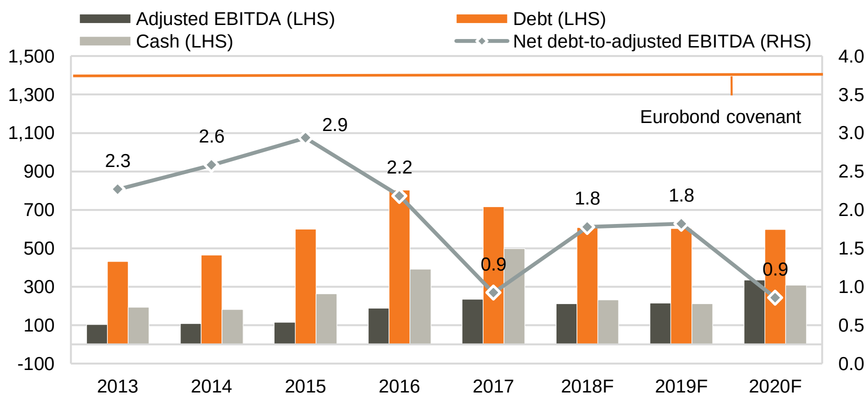
Figure 19: Available cash vs. cash outflows, US$ mn



Source: Company data, Galt & Taggart Research

Net debt-to-adjusted EBITDA ratio improved to 0.9x by the end of 2017, mainly due to the improved adjusted EBITDA and the comfortable cash balance. We expect the ratio to temporarily worsen in 2018 as the cash balance decreases due to planned capital expenditure. However, the commissioning of the Gardabani II CCPP from 2019 is expected to generate an additional steady cash flow for GOGC and bring the ratio close to 1.0x – comfortably below the Eurobond covenant of 3.75x.

Figure 20: Net debt to adjusted EBITDA breakdown pipeline, GEL mn



Source: Company data, Galt & Taggart Research

Financial statements

Income statement

US$, '000	2013	2014	2015	2016	2017	2018F	2019F	2020F
Revenue	**195,838**	**202,629**	**218,234**	**267,728**	**267,710**	**260,179**	**288,978**	**354,800**
Sales of gas	144,653	152,782	153,991	147,134	151,302	146,683	153,028	171,020
Rent of gas pipelines	25,649	28,759	30,314	28,937	23,856	16,935	17,066	17,234
Income from crude oil	18,350	13,356	4,545	4,427	5,642	8,041	8,202	8,418
Oil transportation fee	7,185	7,731	7,919	7,625	7,301	7,328	7,621	7,850
Agency fees from oil trading	-	-	-	1,700	-	-	-	-
Sale of electricity	-	-	21,465	77,904	79,609	81,190	103,060	150,278
Operating expenses	**(143,865)**	**(151,872)**	**(179,478)**	**(204,973)**	**(188,864)**	**(193,740)**	**(221,324)**	**(238,071)**
Cost of gas and oil	(119,322)	(127,047)	(148,514)	(165,267)	(156,519)	(160,554)	(185,026)	(196,514)
Personnel costs	(4,390)	(5,219)	(5,155)	(6,643)	(7,057)	(6,399)	(7,107)	(8,726)
Taxes, other than on income	(3,665)	(3,771)	(3,950)	(4,308)	(3,847)	(4,469)	(4,964)	(6,094)
Other	(5,522)	(4,478)	(10,024)	(11,911)	(6,565)	(5,604)	(6,224)	(7,642)
Other income	8,360	1,364	1,049	451	3,200	1,269	1,410	1,731
Operating expenses excluding depr. and amort.	(132,899)	(140,515)	(167,643)	(188,129)	(173,987)	(177,025)	(203,321)	(218,976)
EBITDA	71,299	63,477	51,640	80,051	96,923	84,422	87,067	137,555
Adjusted EBITDA	**62,939**	**62,114**	**50,591**	**79,600**	**93,723**	**83,153**	**85,657**	**135,824**
Depreciation and amortization	(10,966)	(11,358)	(11,834)	(16,844)	(14,877)	(16,715)	(18,003)	(19,095)
Results from operating activities	60,333	52,120	39,806	63,207	82,046	67,708	69,063	118,460
Finance income	24,484	6,778	13,634	25,903	27,279	30,136	15,693	17,631
Finance costs	(17,724)	(5,969)	(38,301)	(47,119)	(21,481)	(19,411)	(19,411)	(19,411)
Net finance income	6,760	809	(24,665)	(21,216)	5,797	10,725	(3,718)	(1,780)
Share of loss of equity accounted investees	-	-	-	(830)	837	-	-	-
Profit before income tax	67,093	52,929	15,138	41,162	88,680	78,389	65,264	116,543
Income tax expense	(10,406)	(5,423)	(1,503)	(8,189)	(821)	(11,758)	(9,790)	(17,481)
Profit from continuing operations	56,686	47,506	13,635	32,973	87,859	66,631	55,475	99,061
Profit and total comprehensive income for the	**56,686**	**47,506**	**13,635**	**32,973**	**87,859**	**66,631**	**55,475**	**99,061**
Profit and total comprehensive income attributable								
Owners of the Company	57,008	48,506	31,168	34,378	76,348	53,433	42,065	85,407
Non-controlling interests	(322)	(1,000)	(17,533)	(1,406)	11,511	13,198	13,410	13,655

Statement of changes in equity

US$, '000	2013	2014	2015	2016	2017	2018F	2019F	2020F
Share capital, 1 January	307,417	293,469	307,304	255,084	233,147	241,0766	251,9822	253,9282
Increase in share capital	152	35,757	16,831	2,616	3,118	-	-	-
Decrease in share capital	-	-	-	-	-	-	-	-
FX rate translation adjustment	(14,100)	(21,922)	(69,051)	(24,554)	4,810	10,907	1,945	2,501
Share capital, 31 December	**293,469**	**307,304**	**255,084**	**233,147**	**241,0766**	**251,982**	**253,928**	**256,428**
Fair value adj. reserve for non-cash owner	(170,327)	(162,519)	(151,417)	(117,826)	(106,612)	(108,858)	(113,783)	(114,661)
FX rate translation adjustment	7,809	11,101	33,591	11,214	(2,246)	(4,925)	(878)	(1,129)
Fair value adjustment reserve for non-cash	**(162,519)**	**(151,417)**	**(117,826)**	**(106,612)**	**(108,858)**	**(113,783)**	**(114,661)**	**(115,790)**
Additional paid-in-capital, 1 January	43,290	41,305	38,484	29,946	27,096	27,667	28,919	29,142
FX rate translation adjustment	(1,985)	(2,822)	(8,537)	(2,850)	571	1,252	223	287
Additional paid-in-capital, 31 December	**41,305**	**38,484**	**29,946**	**27,096**	**27,667**	**28,919**	**29,142**	**29,429**
Retained earnings, 1 January	60,315	107,351	123,642	113,119	100,037	165,494	204,036	229,207
Profit and total comprehensive income for the	57,008	48,506	31,168	34,378	76,348	53,433	42,065	85,407
Contributions by and distributions to owners	(9,972)	(32,214)	(41,691)	(47,461)	(10,891)	(16,484)	(18,431)	(33,061)
Dividends to equity holders	**(5,025)**	**(18,688)**	**(12,933)**	**(5,3556)**	**(10,888)**	**(23,971)**	**(20,006)**	**(35,318)**
Other cash distributions	-	-	-	-	-	-	-	-
Distributions of non-cash assets net of tax	-	(549)	(400)	(31,614)	-	-	-	-
Transfer of subsidiary retained earnings	-	(4,337)	-	-	-	-	-	-
FX rate translation adjustment	(4,947)	(8,641)	(28,358)	(10,491)	(3)	7,487	1,575	2,257
Retained earnings, 31 December	**107,351**	**123,642**	**113,119**	**100,037**	**165,494**	**203,094**	**227,310**	**280,284**
Total contributions by and distributions to	52,134	60,689	34,666	26	68,579	31,054	23,597	51,723
Equity attributable to owners of the Company	279,606	318,012	280,323	253,668	325,379	370,212	395,718	450,351
Non-controlling interests, 1 January	-	48,058	44,707	18,169	15,183	26,643	41,311	55,188
Profit and total comprehensive income for the	(322)	(1,000)	(17,533)	(1,406)	11,511	13,463	13,558	13,868
Foundation of subsidiary with non-controlling	50,485	-	-	-	-	-	-	-
Other contributions	-	928	-	-	-	-	-	-
FX rate translation adjustment	(2,106)	(3,279)	(9,005)	(1,580)	(51)	1,205	319	544
Non-controlling interests, 31 December	**48,058**	**44,707**	**18,169**	**15,183**	**26,643**	**41,046**	**54,773**	**68,967**
Total equity	**327,664**	**362,720**	**298,492**	**268,851**	**352,022**	**411,258**	**450,491**	**519,318**

Statement of financial position

US$, '000	2013	2014	2015	2016	2017	2018F	2019F	2020F
Assets								
Property, plant and equipment	155,259	316,909	316,616	292,999	300,293	453,844	497,891	612,634
Prepayments for non-current assets	115,091	51,852	862	-	22,967	4,155	-	-
Intangible assets	66	54	36	427	438	458	462	466
Finance lease receivable	28,143	27,925	23,143	22,305	24,255	26,999	28,976	31,162
Loans given	51,337	74,461	25,613	-	4,645	3,637	2,533	1,324
Trade and other receivables non-current	-	-	-	7,829	8,166	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-
Equity accounted investees	-	-	2,365	4,776	5,972	7,088	7,996	8,936
Deferred tax assets	-	1,107	6,005	-	-	-	-	-
Term deposits	23,085	23,810	25,502	-	-	-	-	-
Non-current assets	372,980	496,118	400,141	328,335	366,736	496,181	537,857	654,523
Loans given	27,101	8,844	2,406	1,002	-	-	-	-
Non-current assets held for distribution	657	-	734	-	-	-	-	-
Inventories	378	106	3,685	4,129	4,788	4,588	4,787	5,354
Current tax assets	623	-	1,5300	-	-	-	-	-
Taxes other than on income	422	7,820	2,096	1,382	-	-	-	-
VAT recoverable	-	-	-	-	-	-	-	-
Prepayments for current assets and expenses	11,552	12,528	20,104	18,332	19,594	20,371	21,256	23,772
Trade and other receivables	36,589	37,531	75,779	67,907	56,719	65,533	72,787	89,366
Term deposits current	45,207	-	-	28,385	-	-	-	-
Cash and cash equivalents	112,043	97,553	79,790	147,956	192,485	92,733	84,004	123,775
Current assets	234,572	164,382	186,123	269,092	273,586	183,225	182,834	242,267
Total assets	**607,552**	**660,500**	**586,264**	**597,427**	**640,321**	**679,406**	**720,691**	**896,789**
Equity and liabilities								
Share capital	293,469	307,307	255,084	233,147	241,076	251,982	253,928	256,428
Fair value adjustment reserve for non-cash	(162,519)	(151,417)	(117,826)	(106,612)	(108,858)	(113,783)	(114,661)	(115,790)
Additional paid-in-capital	41,305	38,484	29,946	27,096	27,667	28,919	29,142	29,429
Retained earnings	107,351	123,642	113,119	100,037	165,494	203,094	227,310	280,284
Equity attributable to owners of the Company	279,606	318,012	280,323	253,668	325,379	370,212	395,718	450,351
Non-controlling interests	48,058	44,707	18,169	15,183	26,643	41,046	54,773	68,967
Total equity	**327,664**	**362,719**	**298,492**	**268,851**	**352,022**	**411,258**	**450,491**	**519,318**
Loans and borrowings	245,176	245,176	245,176	245,884	245,884	245,176	245,176	355,176
Deferred tax liabilities	9,495	7,621	5,871	-	-	-	-	-
Non-current liabilities	254,671	252,797	251,047	245,884	245,884	245,176	245,176	355,176
Loans and borrowings current	3,528	4,453	5,446	57,274	30,290	-	-	-
Trade and other payables	17,656	36,009	28,313	24,335	11,285	22,220	24,188	21,269
Dividend payable	-	-	-	-	-	-	-	-
Current tax liabilities	-	837	-	303	44	-	-	-
VAT payable	3,062	2,780	2,104	-	-	-	-	-
Provisions	971	905	862	780	797	753	836	1,027
Current liabilities	25,217	44,983	36,725	82,692	42,416	22,978	25,029	22,301
Total liabilities	**279,888**	**297,780**	**287,772**	**328,576**	**288,300**	**268,149**	**270,200**	**377,472**
Total equity and liabilities	**607,552**	**660,500**	**586,264**	**597,427**	**640,321**	**679,406**	**720,691**	**896,789**

Statement of cash flows

US$, '000	2013	2014	2015	2016	2017	2018F	2019F	2020F
Cash flows from operating activities								
Cash receipts from customers	224,320	209,561	187,499	286,532.9	302,670	263,735	283,640	340,669
Cash paid to suppliers and employees	(133,557)	(161,865)	(181,985)	(207,108)	(204,530)	(166,155)	(202,338)	(224,776)
VAT refund from the State	-	8,495	5,198	1,479	-	-	-	-
Cash from operations before income taxes	90,763	56,191	10,712	80,913	98,141	97,580	81,301	115,892
Income tax paid	(2,681)	(4,400)	(7,535)	(5,214.4)	-	(11,804)	(9,790)	(17,481)
Interest paid	(17,141)	(17,219)	(18,024)	(18,133)	(18,366)	(19,411)	(19,411)	(19,411)
Interest received	20,486	10,655	16,490	9,654	12,666	16,613	11,951	13,178
Net cash from (used in) operating	**91,427**	**45,227**	**1,643**	**67,220**	**92,441**	**82,978**	**64,052**	**92,178**
Cash flows from investing activities								
Acquisition of property, plant and equipment	(70,653)	(77,744)	(44,901)	(22,443)	(33,041)	(136,829)	(54,360)	(128,935)
Decrease/(Increase) in term deposits	29,506	42,021	-	-	27,556	-	-	-
Repayment of loans given	2,228	-	52,866	17,331	973	-	-	-
Loans given	-	-	(1,058)	(16,842)	(4,338)	1,218	1,132	1,234
Acquisition of non-current assets held for	-	-	-	-	-	-	-	-
Investing in other companies	-	-	-	-	-	-	-	-
Acquisition of equity accounted investee	-	-	(2,495)	(3,778)	(295)	(847)	(853)	(862)
Net cash from (used in) investing activities	**(38,918)**	**(35,723)**	**4,412**	**(25,733)**	**(9,145)**	**(136,457)**	**(54,081)**	**(128,562)**
Cash flows from financing activities								
Dividends paid	(24,263)	(18,688)	(12,933)	(5,356)	(10,888)	(23,321)	(19,416)	(34,672)
Proceeds from borrowings	-	16,918	-	232,572	27,869	-	-	110,000
Repayment of borrowings	(378)	(16,855)	-	(190,209)	(51,911)	(31,661)	-	-
Other cash distributions to owners	-	-	-	-	-	-	-	-
Cash distributed on the transfer of	-	(5,320)	-	-	-	-	-	-
Cash distributed on the transfer of	-	-	-	-	-	-	-	-
Net cash from (used in) financing activities	**(24,640)**	**(23,946)**	**(12,933)**	**37,015**	**(34,930)**	**(54,982)**	**(19,416)**	**75,328**
Net increase in cash and cash equivalents	27,869	(14,441)	(6,878)	78,503	48,366	(107,677)	(8,346)	40,149
Cash and cash equivalents, 1 January	86,118	112,043	97,553	79,790	147,956	201,194	93,449	84,831
Effect of FX rate fluctuations on cash and	3,314	7,225	10,970	6,226	(5,574)	-	-	-
FX rate translation adjustment	(5,257)	(7,275)	(21,855)	(16,562)	1,737	8,708	722	846
Cash and cash equivalents, 31 December	**112,043**	**97,553**	**79,790**	**147,956**	**192,485**	**92,733**	**84,004**	**123,775**

Financial ratios

	2013	2014	2015	2016	2017	2018F	2019F	2020F
Profitability								
Return on Revenue								
Gross profit margin	39.1%	37.3%	31.9%	38.3%	41.5%	38.9%	36.5%	45.0%
EBITDA margin	36.4%	31.3%	23.7%	29.9%	36.2%	33.1%	30.6%	39.2%
Adjusted EBITDA margin	32.1%	30.7%	23.2%	29.7%	35.0%	32.6%	30.1%	38.7%
EBIT margin	30.8%	25.7%	18.2%	23.6%	30.6%	26.7%	24.4%	33.8%
EBT margin	34.3%	26.1%	6.9%	15.4%	33.1%	30.8%	23.1%	33.3%
Net profit margin	28.9%	23.4%	6.2%	12.3%	32.8%	26.2%	19.7%	28.3%
Return on Investment								
Return on assets (ROA)	9.8%	7.3%	2.3%	5.2%	13.6%	10.1%	8.1%	12.4%
Return on equity (ROE)	19.5%	13.5%	4.5%	10.9%	27.1%	17.6%	13.2%	20.6%
Solvency								
Component percentage / debt ratios								
Liabilities to assets	46.1%	45.1%	49.1%	55.0%	45.0%	39.4%	37.4%	41.9%
Liabilities to equity	85.4%	82.1%	96.4%	122.2%	81.9%	65.0%	59.7%	72.2%
Liabilities to EBITDA	4.10x	4.95x	5.88x	4.59x	3.07x	3.10x	3.04x	2.70x
Debt-to-assets	40.9%	37.8%	42.7%	50.7%	43.1%	36.0%	33.9%	39.5%
Debt-to-equity	75.9%	68.8%	84.0%	112.8%	78.5%	59.4%	54.1%	67.9%
Debt-to-EBITDA	3.64x	4.15x	5.12x	4.24x	2.94x	2.83x	2.76x	2.54x
Net debt-to-assets	22.5%	23.0%	29.1%	26.0%	13.1%	22.3%	22.0%	25.4%
Net debt-to-equity	75.9%	68.8%	84.0%	112.8%	78.5%	36.8%	35.2%	43.7%
Net debt-to-EBITDA	2.00x	2.53x	3.49x	2.17x	0.89x	1.75x	1.79x	1.64x
Net debt-to-adjusted EBITDA	**2.27x**	**2.57x**	**3.38x**	**2.18x**	**0.92x**	**1.79x**	**1.82x**	**1.66x**
Financial leverage (equity multiplier)	1.85x	1.82x	1.96x	2.22x	1.82x	1.65x	1.60x	1.72x
Liquidity								
Current ratio	9.30x	3.65x	5.07x	3.25x	6.45x	8.03x	7.40x	11.03x
Quick ratio (acid test)	9.29x	3.65x	4.97x	3.20x	6.34x	7.83x	7.21x	10.79x
Cash ratio	4.44x	2.17x	2.99x	1.79x	4.54x	4.07x	3.43x	5.69x

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