

MINISTRY PAPER No.: _____

**PERFORMANCE OF THE PETROLEUM COMPANY OF JAMAICA FOR
FINANCIAL YEAR 2006/2007 AND FOCUS FOR FINANCIAL YEAR 2007/2008**

1.0 Purpose the Ministry Paper Introduction

This purpose of this Ministry paper is intended to inform Parliament and the public in general about the performance of the Petroleum Company of Jamaica (PETCOM) during the 2006/2007 Financial Year and its main focus plans for the 2007/2008 Financial Year.

2.0 Corporate Mission

The corporate mission of PETCOM is to build a company that is responsive to customers' needs, profitable in its operations, and socially responsible, while endeavouring to implement positive changes in the petroleum trade in Jamaica.

3.0 Corporate Objectives

The objectives of the company are:

- (a) to set an example regarding competitive pricing of petroleum products to the public;
- (b) to set an example of good corporate relationship with key stakeholders in the critical petroleum trade;
- (c) to maximize sales and profit by pursuing strategies that seek to give the customer the best possible service and satisfaction;
- (d) to gain market share by providing superior all-round service to the customer; and
- (e) to conduct operations in a safe manner, with due regard to employees, contractors, customers, the general public and the environment.

4.0 Vision Statement

The vision of the company is to be Jamaica's premier provider in the petroleum industry, through its hallmark of quality products and services atnd affordable prices from at convenient locations.

5.0 Priority Targets for the 2006/2007 Financial Year

- To achieve product sales volume of 1.143 M barrels.
- Growth of eight and a half percent (8.5%) in retail volume sales over 2005/2006, to achieve a volume of approximately 584,4503 barrels.
- Stable performance in land fuel sales volume to achieve a total of approximately 406,780 barrels.
- Growth of two percent (2%) in LPG sales volume relative to sales in 2005/2006 to attain a seventeen percent (17%) share of the LPG market.
- Growth of 23.63% in lubricant sales
- Growth in overall sales income from \$6BlIn. in 2005/2006 to some \$6.5BlIn in 2006/2007
- Growth in actual gross profit from \$448.709 M in 2005/2006, to \$535.382 M in 2006/2007.
- Growth in net operating income from an actual value of minus (-) \$42.32 M in 2005/2006 to approximately \$37.7 M in 2006/2007
- Growth in net profit before tax from an actual value of minus (-) \$44.059 M in 2005/2006 to \$37.002 M in 2006/2007.
- Growth in net profit after tax from an actual figure of minus (-) \$21.895 M in 2005/2006 to \$24.668 M in 2006/2007
- Continued expansion of the service station network with the proposed addition of three (3) new stations.
- Improvement in the company's overall profitability and financial viability.
- Development of the company's brand and corporate images, placing special emphasis on service quality and safety.
- Continued development of human resource capability.

5.06.0 Performance/Achievement – Financial Year 2006/2007

- PETCOM's market share at the end of Financial Year 2006/2007 is stoodands at approximately thirteen percent (13.0%)
- Total product sales were approximately 1.133 M barrels.
- Retail sales were approximately 588,821 bbls.,, one percent (1%) above projections and ten percent (10%) above the previous year.

- Land fuel sales were approximately 385,208 bbls, five percent (5%) below target and four percent (4%) below prior year, owing to the inactivity of two (2) a few major accounts (Sugar Company and Johnson's Petroleum).
 - LPG sales were approximately 155,496 bbls, reflecting six percent (6%) growth above prior year and six percent (6%) above projections, with an overall market share of sixteen percent (16%). This represents marks the highest sales for volume for LPG in the history of the company. Four (4) additional filling plants were opened, (there was fallout of one (1) filling plant) and some a number of significant commercial accounts were added.
 - Lubricants sales were approximately 4,436 barrels or about sixteen percent (16%) above prior year.
 - Sales income was of approximately \$7.356Bln.
 - Net Operating Income was approximately minus (-) \$29.211 M.
 - Net profit before tax was approximately minus (-) \$29.211 M.
 - Net profit after tax was approximately minus (-) \$22.312 M (since there is a write-back of taxes paid on prior year's loss)
- \$22.312 M (since there is a write-back of taxes paid on prior year's loss).
- The company added two (2) new service stations to its network (Lluidas Vale and Ocho Rios)
 - The company continues its re-launch program and is experiencing greater brand exposure and visibility
 - Human resource training and development are ongoing.
 - PETCOM experienced a most successfully sponsored and supported sponsorship and support for the JMMC Rally. The company was in of which the company was integrally involved in that activity as lead sponsor for the sixth consecutive year.
 - The company undertook enjoyed successful sponsorship of the Portmore Metropolitan Cricket League for the second consecutive year.

76.0 Programmes and Targets for Financial Year 2007/2008

- a. Growth in overall sales volume to 1.147 M barrels representing growth of five percent (5%) above projected 2006/2007 year end sales, and market share of fourteen percent (14%).
- b. Growth of 2.22% in retail sales volume to achieve approximately 601,0557 barrels in sales, reflecting a segment market share of eleven percent (11%).
- c. Projected PG volume sales of 155,178 barrels, increasing the segment market share to seventeen percent (17%).
- d. Land fuel sales volume of 386,428 barrels
- e. Growth of twenty percent (20.0%) in lubricant volume sales to 5,314 barrels, increasing the segment market share from four percent (4%) to five percent (5%).
- f. Growth in overall sales income to \$8.367Bln.
- g. Growth in gross profit to \$630.091 M.

- h. Projected net operating income of \$24.513 M.
- i. Projected net profit before tax of \$18.058 M.
- j. Projected net profit after tax of \$18.058 M.
- k. Continued expansion of the service station network with the addition of a minimum of five (5) locations (subject to the identification of financingsourcing of adequate funding).
- l. Continued monitoring of the re-launch programme to improve brand image, existing performance and the company's financial viability.
- m. Restructuring and strengthening of the LPG and Lubricants Department with the goal of increasing efficiency in product and service delivery.
- n. Reduction in the company's overall operational break-even levels with a view to reducing expenses in all areas (e.g. outsourcing LPG operations).
- o. Widening distribution of the Pace ILubricant line of products to significantly increase sales via expanding PETCOM'sour network of independent dealers.
- p. Continued development of human resource capability through training.
- q. Implementation of tracking system for LPG cylinders.

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