

ANNOUNCEMENT

8 September 2017

Re: Sale of shareholding in subsidiary company LCA Aviation Fueling System Limited

Petrolina (Holdings) Public Ltd (“PHL”) announces that its fully owned subsidiary Petrolina Aviation Ltd (“Petrolina Aviation”) has concluded and finalised an agreement with Universal Group for Industry and Finance S.A. (“Universal”), registered in Luxembourg, under which Petrolina Aviation has sold to Universal 25% of the company LCA Aviation Fueling System Limited (“LAFS”), up till now a fully owned subsidiary of Petrolina Aviation.

The sale agreement was signed on 30 August 2017 and finalised today. The consideration for the sale amounting to €2,500,000 has been paid in cash. The transaction was made on an arm’s length basis and the consideration represents the fair value of the company, taking into consideration the predicted future profitability and valuation of LAFS and on the basis of the dividend distribution methodology. The sale of the shareholding has generated a profit of €2,500,000 which will be recognised in the consolidated financial statements of financial year 2017 as gain on the sale of shares. It is understood that the sale will not alter the accounting treatment of LAFS as an investment in a subsidiary company.

LAFS is active in the storage and handling of aviation fuel at Larnaka Airport. In July 2014, LAFS entered into an agreement with Hermes Airports Ltd regarding the concession of the right to use land within the borders of the new Larnaka Airport, for the purpose of building tanks for the storage and handling of aviation fuel. The agreement provided for the construction of three tanks of a total capacity of 6,000 m³ and related facilities for the loading and unloading of refuelling tankers. Building works started in September 2015 and were completed before the end of 2016. The terminal is expected to be fully operational in the next few days. The capital expenditure required for the project amounted to approximately €10.7 million.

Universal holds 25% of the share capital and 33% of the voting rights in the associated company PPT Aviation Services Ltd, which is active in the field of aircraft refueling at Larnaka and Pafos Airports. It also holds 51% of the share capital and 33% of the voting rights in the associated company Hellenic Aviation Fuel Company S.A., trading under the name HafCo, which provides aviation fuel services in Greek airports.

PHL’s decision to dispose of the aforesaid minority shareholding in LAFS has been taken in the framework of its strategic plan to strengthen the position of LAFS in the field of fuel storage and handling at Larnaka Airport. No advice has been obtained by external experts in the financial assessment of the above transaction and the Board’s estimation regarding the fair value of the transaction.

It is noted that to this day, LAFS did not have any turnover as the terminal had not become operational. In the financial statements for the year ended 31 December 2016, LAFS recorded accumulated losses of €141 thousand while in the first half of 2017 its losses amounted to €130 thousand.

The transaction is unrelated to and does not affect the interests of PHL’s Secretary.

Dinos Savvides
CFO