



Regency Petroleum Company Limited

Q3

2023

QUARTERLY REPORT

FOR THE PERIOD ENDED
SEPTEMBER 30, 2023

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Highlights



Revenue Growth

77.9M
38.77%



Gross Margin

14%

Management Discussion and Analysis

Q3 2023 - July 1, 2023 - September 30, 2023

On behalf of the Board of Directors of Regency Petroleum Company Limited or "RPL" we present our third quarter report of the company since listing on the Jamaica Stock Exchange on December 15, 2022. This report covers the key period July 1, 2023 – September 30, 2023, and the year-to-date performance of the company. It also conforms with International Financial Reporting Standards (IFRS) as prescribed by the International Accounting Standard Board (IASB).

Q3 2023

(July – September)

Regency generated \$278.96 million in sales for the period, a 39% increase from the \$201.02 million earned in the comparative 2022 period. The third quarter performance was also 55% higher or \$99.17 million more on a sequential quarterly basis when compared with the second quarter revenue of \$179.79 million. This improvement in revenue was driven by two key developments during the period: Our Paradise Pen, Westmoreland service station opened on August 16 and contributed a significant amount along with our partnership with JusGas Distributors Limited.

Apart from higher fuel prices, RPL's volumes from LPG (Liquified Petroleum Gas) sales increased by 80% thanks to our JusGas partnership while our gasoline volumes improved 70% which was a function of higher consumption at our existing service station and the Paradise Pen location. These numbers aren't one-off events but represent our commitment to delivering value to all our stakeholders while remaining remained laser focused on growing our brand and putting the capital to work.

PetroJam Prices	September 28, 2023	September 29, 2022	December 29, 2022
87 Octane	\$190.5828	\$193.1628	\$163.1628
90 Octane	\$196.6587	\$197.1387	\$167.1387
Auto Diesel	\$189.7803	\$220.2603	\$208.5903
Propane	\$67.4037	\$60.6837	\$58.9337



Operating Margin

86%



Net Margins

6.19%



Gross Income Growth

8.2M

27.07%

Gross profit increased by 27% from \$30.31 million to \$38.52 million as the company benefited from greater sales during the period albeit higher associated expenses. However, the gross profit margin decreased from 15.08% to 13.81%.

The company doesn't control the market prices offered on petroleum products and instead directs its attention on volumes and gross profits.

Total expenses were 23% higher at \$20.88 million as the company incurred additional fees largely from the opening of its new service station and other fees related to being a publicly listed company. There were also costs related to the hosting of our first annual general meeting (AGM) and other relevant promotional events. We benefited from the reversal of a bad debt provision in the period as we resolved some accounts.

Finance costs decreased from \$5.73 million to \$2.73 million as we didn't have commitment fees and loan interest which occurred in the prior period. Profit before tax slightly grew from \$16.89 million to \$17.64 million. After a taxation charge, net profit moved up 2% to \$17.27 million. Since the company has more shares in the current period following our initial public offering (IPO), earnings per share declined from \$0.015 to \$0.012.

Year to date

(January – September)

For the nine months of 2023, Regency grew revenue 20% from \$533.07 million to \$642.24 million as more LPG and gasoline volumes were sold during the period. However, the higher trucking costs and reduced prices saw gross profit only increase by 6% to \$98.17 million with gross profit margins moving from 17.38% to 15.29%.

Total expenses grew 98% from \$28.1 million to \$55.75 million which relates to our increased expenses as a listed entity alongside new costs from our expansionary efforts. Regency also did not benefit from loyalty credits during the period compared to last year.

Finance costs rose 70% to \$13.15 million mainly due to one-time bond issuance costs and bank charges. Profit before taxation declined 37% from \$67.96 million to \$42.50 million. Net profit was 24% lower at \$42.13 million than the \$55.75 million in the prior period. Earnings per share decreased from \$0.049 to \$0.029 since there are additional shares in the current period.



Balance Sheet

Our asset base increased 104% from \$277.89 million to \$566.40 million as our non-current assets hit \$463.15 million as we continue our investments in our service stations classified under property, plant and equipment. Current assets are up 35% at \$103.24 million which represents the complement of inventory and accounts receivables. We have been diligent with the management of our accounts receivables from our clients who largely pay on time.

Total liabilities declined 10% from \$149.78 million to \$135.44 million as the company had a lower debt balance during the current period. Current liabilities decreased 68% from \$116.10 million to \$36.81 million. Shareholders equity grew 236% to \$430.95 million as we benefited from our December IPO and increased our retained earnings balance.

Update on Service Stations

We opened our second service station at Paradise Pen, Westmoreland on August 16 to much fanfare. Some of our guests not only included our board members, members of the media and community stakeholders, but we also had Minister of Science, Energy, Telecommunications and Transport, The Honourable Daryl Vaz as one of our key attendees. This station represents not only the dreams of the CEO, but also the commitment almost a year ago from numerous investors in growing a Jamaican business.

Our Negril service station has taken longer than expected to reach completion and we apologize to all our shareholders for this delay. We have made significant steps to ensuring that this station is completed before the end of the 2023 financial year. This will put the company in the right position to deliver significant value from the two new locations in 2024.

We are also projecting to complete our newest service station on Spanish Town Road, St. Andrew in the first quarter of 2024. This station represents not only our first foray into Surrey county with a service station, but part of our drive to deliver on our commitments made to our team and shareholders. Regency received the first tranche of the US\$1.4 million bond during the second quarter and received the remaining US\$800,000 in early October to complete this location.

Outlook

We held our first AGM on September 11 at the Terra Nova Hotel, Kingston 10 where we got the opportunity to interact with our various shareholders. All resolutions were approved during the hybrid meeting including our name change which was simply amended from Co. to Company. We encourage all shareholders to review the meeting at the Learn Grow Invest Investor Relations Youtube Channel.

RPL's stock price decreased from \$2.76 to \$2.40 during the third quarter which was a decrease of 13%. However, our market capitalization was \$3.45 billion with the stock remaining up 51% in the first nine months.

We'd like to thank our numerous shareholders, customers and other stakeholders for giving us the opportunity to play our part in Jamaica's economic growth and development. We will not take the confidence vested in us for granted and seek to leverage all possible avenues to grow shareholder capital and give our final consumers a competitively priced product that gives value for money.



Andrew Williams

Founder & Chief Executive Officer

TOP 10 SHAREHOLDERS

AS AT 30 SEPTEMBER 2023

	Shareholders	Number of Shares	% of Issued Shares
1	Andrew Williams	1,148,629,416	80%
2	GK Investments Limited	114,194,548	7.9534%
3	Glen Sabul	24,650,000	1.7168%
4	Donique Gayle	13,661,000	.9515%
5	Tashua Brown-Williams	10,000,000	.6965%
6	QWI Investments Limited	5,000,000	.3482%
7	Tatiana Answer	4,500,000	.3134%
8	Domonick Ffrench	3,721,757	.2592%
9	Claudine Murphy	2,953,325	.2057%
10	Jerry Grant	2,665,731	.1857%
		1,329,975,777	92.6305%

Issued Shares 1,435,786,770



**NOW!
OPEN!**

PARADISE PEN

Shareholdings of Directors, Senior Managers & Connected Parties

30 SEPTEMBER 2023

Directors	
	% of Issued Shares
Andrew Williams	1,148,69,416
Dr. Andre Foote	2,000,000
Radcliff Knibbs	1,100,000
Edgar Bennett	
Andrew Cocking	500,000
Senior Managers	
Jerry Grant	2,665,731
Lancelot Anderson	1,140,000
Dilton Pike	
Company Secretary	
Janice Grant-Taffe	500,000

Regency Petroleum Company Limited

Statement of Comprehensive Income

For the Nine (9) Months

Ended 30 September 2023 (Q3)

Note	Unaudited 3rd Quarter 3M Ended Sep 2023 \$	Unaudited 3rd Quarter 3M Ended Sep 2022 \$	Unaudited 3rd Quarter 9M Ended Sep 2023 \$	Unaudited 3rd Quarter 9M Ended Sep 2022 \$	Audited Year Ended Dec 2022 \$
Operating Revenue	278,962,232	201,023,760	642,235,371	533,068,539	681,143,499
Cost of sales: direct expenses	(240,445,084)	(170,713,192)	(544,062,886)	(440,429,706)	(568,269,342)
Gross Profit	38,517,148	30,310,568	98,172,485	92,636,833	112,874,157
Other Operating Income					
Loyalty credits	-	1,313,820	-	3,327,052	4,736,650
Interest & other income	5,808	2,833	75,195	96,833	111,485
	38,522,956	31,627,221	98,247,680	96,062,718	117,722,292
Less operating expenses:					
Administrative	17,870,991	8,986,687	42,036,803	20,311,607	34,423,608
Selling & distribution	280,923	13,687	555,061	21,215	128,441
	18,151,914	9,000,374	42,591,864	20,332,822	34,552,049
Profit before finance costs	20,371,042	22,626,847	55,655,816	75,729,866	83,170,243
Finance costs	(2,726,465)	(5,732,665)	(13,154,558)	(7,765,925)	(10,334,226)
Profit before taxation	17,644,577	16,894,182	42,501,258	67,963,971	72,836,017
Taxation	(375,000)	-	(375,000)	(12,213,618)	(16,508,484)
Profit being total comprehensive income for the year	17,269,577	16,894,182	42,126,258	55,750,353	56,327,533
Earnings per share	0.012	0.015	0.029	0.049	0.049


Regency Petroleum Company Limited

Statement of Financial Position

30 September 2023 (Q3)

Assets	Note	Unaudited 3rd Quarter 9M Ended Sep 2023 \$	Unaudited 3rd Quarter 9M Ended Sep 2022 \$	Audited Year Ended Dec 2022 \$
Non-current assets				
Property, plant, and equipment	2	456,746,324	194,034,579	259,191,495
Right of use asset		6,407,340	7,132,699	6,951,359
Current assets				
Inventories		44,204,365	3,788,735	4,108,305
Receivables		30,270,459	42,578,207	35,893,686
Due from related parties		23,694,188	24,461,384	30,461,384
Director's current account		765,167	272,167	602,167
Cash and cash equivalents		4,310,343	5,622,853	94,669,703
		103,244,522	76,723,346	165,735,245
Current liabilities				
Payables		36,329,007	29,666,837	19,504,388
Short term loan		-	52,899,044	-
Taxation payable		-	33,118,775	16,508,484
Current portion of long-term loan		-	-	-
Current portion-lease liability		478,691	424,627	437,738
		36,807,698	116,109,283	36,450,610
Net current assets		66,436,824	(39,385,937)	129,284,635
Total assets less current liabilities		529,590,488	161,781,341	395,427,489
Equity				
Issued capital		260,152,400	8,000	260,152,400
Retained earnings		170,801,585	128,098,047	128,675,227
		430,953,885	128,106,047	388,827,627
Non-current liabilities:				
Lease liability		6,236,603	6,715,294	6,599,862
Long term borrowings		92,400,000	26,960,000	-
Total equity and non-current liabilities		529,590,488	161,781,341	395,427,489

Approved for issue by the Board of Directors on November 13, 2023 and signed on its behalf by:



Andrew W.L. Williams - Chief Executive Officer



Dr. Andre Foote - Chairman

Regency Petroleum Company Limited

Statement of Cash Flows

30 September 2023 (Q3)

	Note	Unaudited 3rd Quarter 9M Ended Sep 2023 \$	Unaudited 3rd Quarter 9M Ended Sep 2022 \$	Audited 2022 \$
Cash flows from operating activities				
Net profit		42,126,258	55,750,353	56,327,533
Adjustment for:				
Depreciation		11,409,508	10,719,117	14,987,985
Depreciation- right of use		544,019	120,893	302,233
Operating cash flows before movements in working capital		54,079,785	66,590,363	71,617,751
Changes in operating assets and liabilities:				
Inventories		(40,096,060)	19,148,809	18,829,239
Receivables		5,623,227	(28,854,201)	(22,169,680)
Payables		16,824,619	9,065,929	(1,096,520)
Related party balances		6,767,196	(9,890,000)	(15,890,000)
Taxation		(16,508,484)	12,213,618	(4,396,673)
Director's current account		(163,000)	4,705,266	4,375,266
		(27,552,502)	6,389,421	(20,348,368)
Net cash flow provided by operating activities		26,527,283	72,979,784	51,269,383
Cash flows from investing activities:				
Purchase of property, plant & equip.		(218,702,940)	(119,561,171)	(188,986,955)
Asset reclassified		9,738,602	-	-
Finance lease-rights of use			(7,253,592)	(7,253,592)
Net cash flow used by investing activities		(208,964,338)	(126,814,763)	(196,240,547)
Cash flows from financing activities				
Directors' loan repaid		-	(1,939,993)	(1,939,993)
Issue of shares, net of transaction costs		-	-	260,144,400
Finance lease		-	7,253,593	7,253,592
Finance lease-repaid		(322,205)	(113,671)	(215,992)
Loan proceeds received		92,400,000	61,299,044	
Long term loans repaid		-	(8,400,000)	(26,960,000)
Net cash flow provided by/(used in) financing activities		92,077,695	58,098,973	238,282,007
Net increase in cash and cash equivalents		(90,359,360)	4,263,994	93,310,844
Cash resources at the beginning of the year		94,669,703	1,358,859	1,358,859
Cash resources at the end of period		4,310,343	5,622,853	94,669,703

Regency Petroleum Company Limited

Statement of Changes in Equity

30 September 2023 (Q3)

	Number of Shares	Share Capital \$	Retained Earnings \$	Total \$
Balances: 31 December 2020	8,000	8,000	13,399,914	13,407,914
Profit for the year	-	-	58,947,780	58,947,780
Balances: 31 December 2021	8,000	8,000	72,347,694	72,355,694
Profit for the year	-	-	56,327,533	56,327,533
Shares converted during the year	1,148,613,416	-	-	-
Shares issued during the year	287,165,354	260,144,400	-	260,144,400
Balances: 31 December 2022	1,435,786,770	260,152,400	128,675,227	388,827,627
Profit for the year	-	-	42,126,258	42,126,258
Balances: 30 June 2023	1,435,786,770	260,152,400	170,801,485	430,953,885

NOTES TO THE FINANCIAL STATEMENTS

1. EXPENSES BY NATURE

30 September 2023 (Q3)

	3M to Sep 2023 \$	3M to Sep 2022 \$	9M to Sep 2023 \$	9M to Sep 2022 \$	Dec 2022 \$
Selling & distribution:					
Commission	280,923	13,687	555,061	21,215	128,441
	280,923	13,687	555,061	21,215	128,441
Administrative:					
Depreciation	3,752,861	4,494,216	11,409,508	10,719,117	14,987,985
Depreciation- right of use assets	181,340	120,893	544,019	120,893	302,233
Audit and accounting fees	1,500,000	1,525,000	4,930,000	2,185,000	3,355,000
Legal & professional	691,858	-	3,674,764	-	-
Repairs and maintenance	406,676	369,936	1,558,963	1,148,683	1,516,712
Motor vehicle expense	136,407	65,082	792,172	65,082	649,132
Staff costs	3,761,689	254,013	4,698,683	780,021	1,414,578
Telephone	-	11,000	-	14,604	34,677
Advertising & promotion	2,019,420	928,672	4,109,464	1,345,172	1,404,070
Travel and accommodation	50,000	-	170,000	-	-
Office supplies and stationery	113,663	19,500	164,596	148,015	187,711
Electricity	555,339	230,048	1,035,113	539,158	717,208
Insurance	140,000	115,848	154,459	187,127	377,253
Interest & penalties	854,106	-	854,106	-	2,459,334
License, permits and other fees	-	-	25,000	43,000	43,000
Directors' fees etc.	380,000	-	1,244,480	-	310,000
Rental	-	60,000	-	420,000	420,000
Contracted worker	506,260	738,000	2,156,260	2,388,000	3,213,000
Bad debt expense	(197,226)	-	(1,147,591)	-	2,341,081
Donation	120,000	21,400	1,399,000	101,400	121,400
Other expenses	2,898,598	33,078	4,263,807	106,335	569,234
	17,870,991	8,986,687	42,036,803	20,311,607	34,423,608
Finance Costs:					
Interest Expenses	2,089,685	5,488,506	2,359,016	6,787,260	9,186,965
Bank Charges	636,780	244,159	1,825,350	978,665	1,147,261
Bond Issue Costs	-	-	8,970,192	-	-
	2,726,465	5,732,665	13,154,558	7,765,925	10,334,226
	20,878,379	14,733,039	55,746,422	28,098,747	44,886,275

2. PROPERTY, PLANT AND EQUIPMENT

30 September 2023 (Q3)

	WIP \$	Motor Vehicle \$	Filing Plant & Site Office \$	Storage Tanks \$	Gas Cylinders \$	Land \$	Furniture, Fixture \$ Equipments \$	Total \$
At cost -								
31 December 2022	123,248,187	4,000,000	28,048,426	19,283,647	104,375,118	12,101,500	2,846,168	293,303,046
Additions	216,327,022	-	-	258,000	-	-	2,117,918	218,702,940
Reclassification	(9,738,602)	-	-	-	-	-	-	(9,738,602)
30 September 2023	329,836,607	4,000,000	28,048,426	19,541,647	104,375,118	12,101,500	4,964,086	502,867,384
Depreciation -								
31 December 2022	-	400,000	10,806,371	2,536,843	20,134,621	-	833,717	34,711,552
Charge for the period	-	300,000	2,103,632	805,436	7,828,134	-	372,306	11,409,508
30 June 2023	-	700,000	12,910,003	3,342,279	27,962,755	-	1,206,023	46,121,060
NET BOOK VALUE:								
30 September 2023	329,836,607	3,300,000	15,138,423	16,199,368	76,412,363	12,101,500	3,758,063	456,746,324
31 December 2022	123,248,187	3,600,000	17,242,055	16,746,804	84,240,497	12,101,500	2,012,451	259,191,494

OUR COMMITMENT TO OUR SHAREHOLDERS

As we seek to remain transparent with our shareholders as a now publicly listed company, Regency Petroleum Company Limited (RPL) is committed to continue hosting quarterly Earnings Calls for our 2023 financial year.

These calls will be hosted by Learn Grow Invest Limited and will facilitate regular touchpoints between our shareholders and the leadership of RPL.

Stay tuned to our social media pages, website and the Jamaica Stock Exchange for the details of these calls throughout the year.

Thank You

