Introduction

In 2017 INA Group posted one of the strongest results in the last several years. We demonstrated our ability to capture the benefit of higher prices, delivering strong EBITDA of over HRK 3.2 billion, a 52% increase compared to 2016.

We identified two main pillars of our operations: the first being focus on growth and the second including operational excellence and top efficiency performance. We delivered in both areas and further positioned INA as a leading player on all our key markets.

Our investments amounted to HRK 1.4 billion, in line with the previous year and with an increase of investments in Croatia.

Our Upstream business benefited from the positive external environment. We made significant efforts in increasing production on our mature domestic oil fields, exploiting potential to the maximum by implementing the Full Field Optimization concept and performing various well activities. This resulted with an increase of domestic crude oil production back to levels seen 10 years ago.

Downstream business generated strong EBITDA with positive cash flow, the strongest result in a decade. Our activities resulted in an introduction of two new fuels, a strong position on the Croatian market, increased sales on all markets, record volumes in Rijeka logistics, with strong focus on safety and environment.

The company adheres to a clear set of values: we put people first and strive to satisfy our customers through ownership of all activities we implement with agility.
INA Group at a glance

- Production 2017: 37.6 mboe/d
- Hydrocarbon reserves: 150 MMboe
- Employees: 10,782
- Service stations: 494
- Service stations' daily users: 212,000
- Group EBITDA (HRK mln): 3,215
INNA’s share capital is divided into 10,000,000 ordinary shares. Public trading of INNA’s shares was launched on 1 December 2006.
Overview of 2017 results

INA Group’s CCS EBITDA, excl. special items, amounted to HRK 3,030 mln

1,181
HRK mln
Net profit, excl. special items, amounted to HRK 1,181 mln

2%
Domestic crude oil production increase in 2017

3%
Domestic onshore gas production increase in 2017
Refined product sales increased by 10% compared to 2016, amounting to HRK 1,397 mln. Net gearing decreased from 19.1% to 10.8%.

Net sales revenues amounted HRK 18,582 mln and were 20% above 2016 level.

Investment levels in 2017 stayed strong reaching almost HRK 1,393 mln.
EXPLORATION AND PRODUCTION

Exploration and Production Business is engaged in exploration, development and production of oil and natural gas in Croatia and abroad. Today, intense E&P activities are being carried out on-shore and offshore Croatia. Abroad, INA is currently present in Egypt and Angola.

- +41% TOTAL hydrocarbon production increase compared 2013
- CAPEX amounted to HRK 618 mln
- Drava - 02 works are launched
- 2 development wells drilled
- 65 Capital well workeovers and stimulations performed
- 350 km² seismic data acquired
- 8% domestic gas sales increase
Refining and Marketing Business manages two crude oil refineries, lubricants production, a commercial wholesale network, and a logistics network for storing and distributing crude oil derivatives to the market. INA is producing high quality EURO V motor fuels, which meet the highest European quality standards.

- Refining and Marketing (including Retail) CCS based EBITDA excl. special items amounted to HRK 806 mln, a HRK 456 mln increase compared to 2016
- Higher sales on captive and export markets (B&H, Slovenia, Montenegro, Italy and Mediterranean market)
- Introduction of new fuels: Class Plus performance fuels, gasoline with a higher octane number (Eurosuper 100), and a high-quality diesel for severe winter conditions (Eurodiesel Arktik).
- Strong focus on zero accident operations
CONSUMER SERVICES AND RETAIL

Consumer Services and Retail operates a regional network of 494 service stations in Croatia and neighbouring countries. INA has a leading position in Croatia and its service stations are recognizable points of purchase. In addition to motor fuels offer, INA’s service stations are offering wide range of consumer goods and variety of additional service tailored to fit customers’ demands and needs.

- Total retail sales volumes in 2017 were 1,056 kt, a 4% increase compared to 2016
- Revenue from non-fuel margin increased by 11%, on the back of a continuous expansion of consumer goods offer, implementation of the Fresh Corner concept and development of new additional services
- Continued retail network restructuring and modernisation, with a special emphasis on projects in B&H and Montenegro
Aware of its responsibility towards the local communities in which it operates and society as a whole, INA is committed to open and constructive partnership with all the various stakeholders affected by the company’s operations. In doing so, INA continuously seeks ways to further enhance its role of a desirable and reliable partner and to contribute to improving the quality of life in local communities by supporting numerous projects and development policies through donations and sponsorships and by investing volunteers work of for the public good.

Project was launched in 2015 with the aim of granting the use of selected locations owned by INA to the associations and individuals whose work would continue to contribute to the quality of life of the local community.

In 2017 INA continued to provide support to civil society associations with spajalica HUB – a knowledge sharing platform.

INA launched Green Belt project in 2014 with the aim of engaging the civil society organizations and public educational institutions in developing ideas and projects for the preservation of the environment and nature.

In 2017 INA received 99 applications to its Green Belt contest and supported the 17 winning projects with a total of HRK 369,000.
INA VOLUNTEER CLUB

INA’s Volunteer Club contributed a total of 6,936 volunteer hours to the common good in as many as 50 volunteer campaigns across Croatia in 2017.

The membership of the INA Volunteer Club continued to grow, and the Club was 1,316 members strong at the end of the year, 26% stronger than in 2016.

AWARDS AND RECOGNITIONS

Golden Barrel Award - INA Academy Project won 1st place

Special award for business sector’s contribution to the development of volunteering

Employer Partner Award

Green Frog Award

Golden Index

Mamforce Standard Certificate

SJAJ Award