

Zagreb, 31 October 2018

INA - INDUSTRIJA NAFTE, d.d.
Av. V. Holjevca 10
10 020 Zagreb, Croatia
Ordinary shares INA-R-A ISIN HRINA0RA0007
Listed on the Zagreb Stock Exchange official market
Announcement in line with Capital Markets Act

Subject: INA and PPD signed the Recapitalization Agreement on Petrokemija

INA and PPD as investors signed the Recapitalization Agreement on Petrokemija with CERP as a representative of the Republic of Croatia. The companies paid HRK 300 million (HRK 150 million each), for 30,000,000 Petrokemija's shares after which they will become majority owners of Petrokemija, holding more than 50% of the share capital and respective management rights. The transaction was conducted through INA's and PPD's joint venture company Terra mineralna gnojiva d.d., which will operate the company in accordance with the signed Shareholders' Agreement.

The aim of the investment is to continue and develop Petrokemija activities in production of mineral fertilizers. The partners will cooperate in good faith and use their best efforts to ensure that Petrokemija is able to carry on its activities. Regarding that, INA and PPD will make efforts to improve Petrokemija's current financial position in upcoming period through improvement of product portfolio, reaching sustainable operating expenses, ensuring external refinancing of inherited debts and further optimization of processes.

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