



# INA GROUP 2007 RESULTS

Zagreb, April 2008



# 2007 INA GROUP HIGHLIGHTS



## INA GROUP - highlights

- **Sales revenues** reached HRK 25.8 billion
- Operating profit increased 4.7% to HRK 1.02 billion
- EBITDA reached HRK 2.8 billion (13.3% increase)

### Exploration and Production

- Increased **production** and **operating profit**
- Reduced loss on regulated gas market

### Refining and Marketing

- Increased production of **EURO IV** fuels
- Total **throughput** and **production** increased by 9%

### Retail

- **Network development** in line with the retail strategy
- Average throughput per site in level with 2006

### Corporate and Other

- **Efficiency programmes** ongoing
- **SAP** fully integrated



# KEY DEVELOPMENTS



## Exploration and Production

### El Alamein commercial discovery

- Sidi Rahman 1 production start-up

### INA – MOL partnership

- Hydrocarbon reserves found in Podravska Slatina region
- Novi Gradac Joint venture

### CROSCO acquires Rotary

- International expansion in drilling and other well services

### Hayan block - Syria

- Jazal development phase
- Mustadira Notice of commercial discovery

## Refining and Marketing

### Rijeka refinery

HDS unit contract awarded

### Rijeka refinery

Hydrogen generation unit contract awarded

### Sisak refinery

Isomerisation unit contract awarded

### Sisak refinery

I. phase of the Claus unit completed

## Retail

Shop sales increased by 5.9%

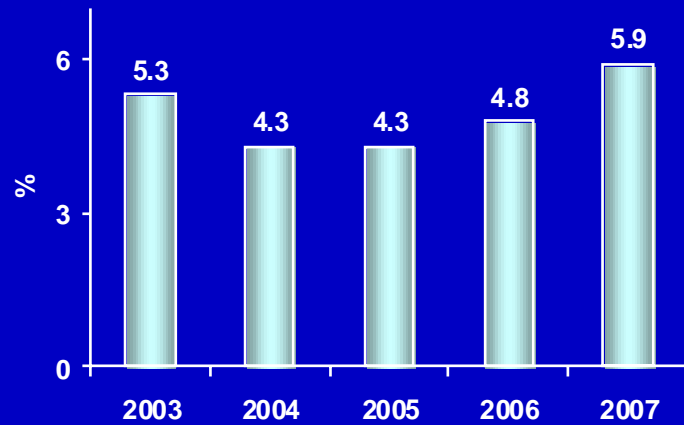
5 new premium sites built in line with the new retail strategy



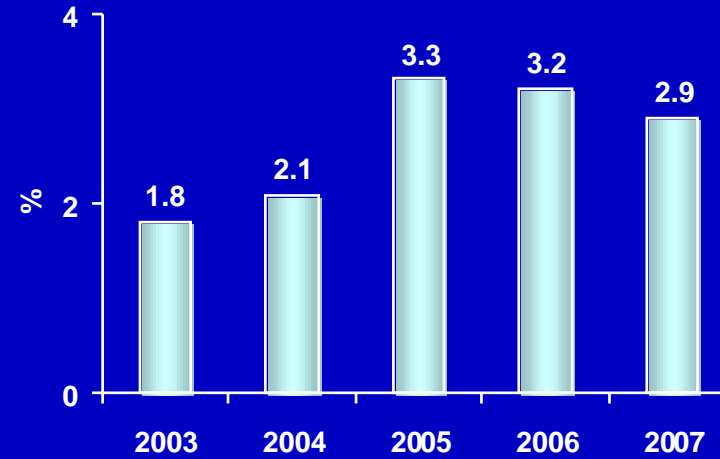
# DOMESTIC BUSINESS ENVIRONMENT



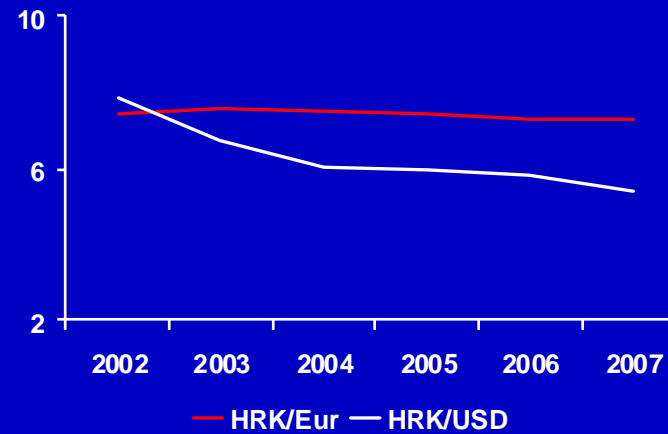
### GDP growth (%)



### CPI Inflation (%)



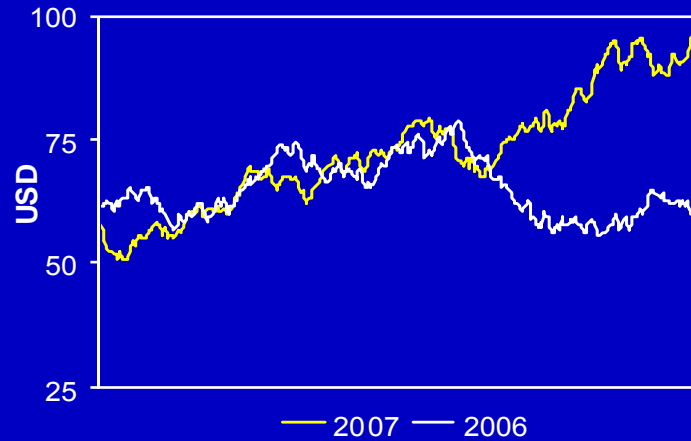
### Exchange rate movement



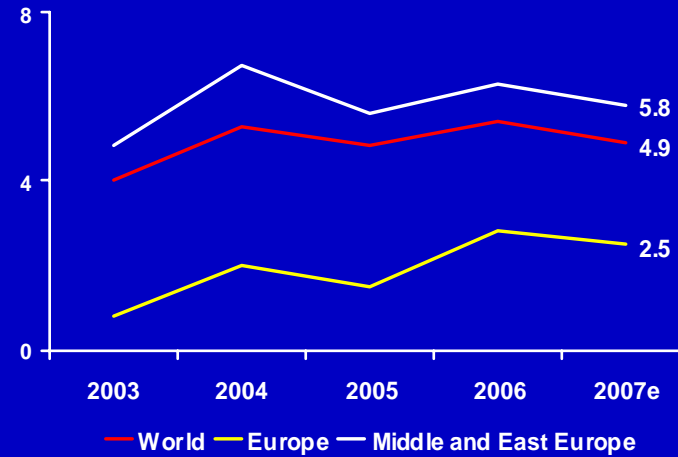
# BUSINESS ENVIRONMENT



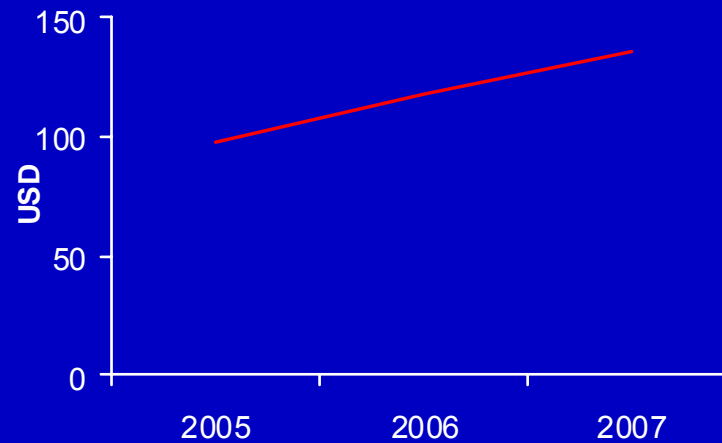
Brent FOB Med (USD/bbl)



Economy growth rates ( % )



Premium unleaded petrol spread (USD/t)



# EXPLORATION AND PRODUCTION





# EXPLORATION AND PRODUCTION



## Results (HRK millions)

	2006	2007	% change
Sales revenues	6,794	8,133	19.7
Operating profit	1,623	2,045	26.0
CAPEX	1,747	1,559	(10.8)

Operating profit up by 26%

Higher hydrocarbon production

New discoveries of oil and gas



# EXPLORATION AND PRODUCTION

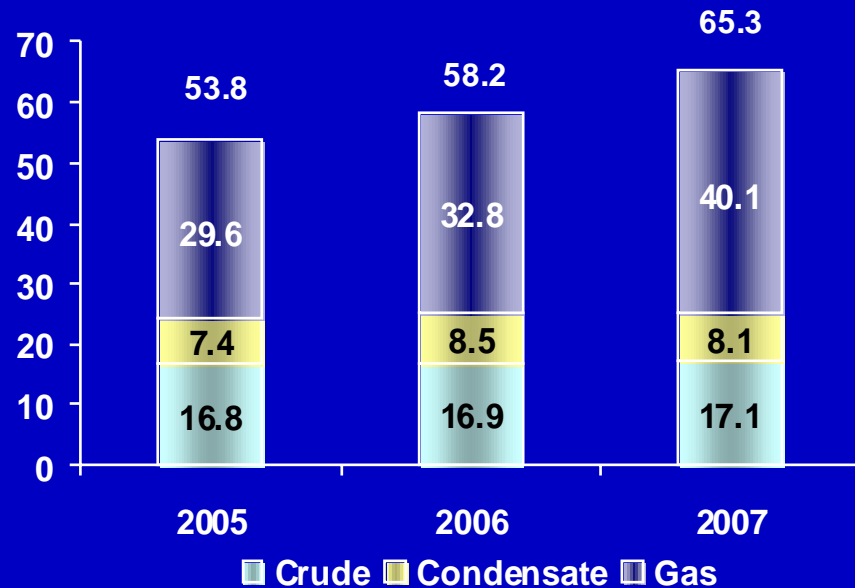




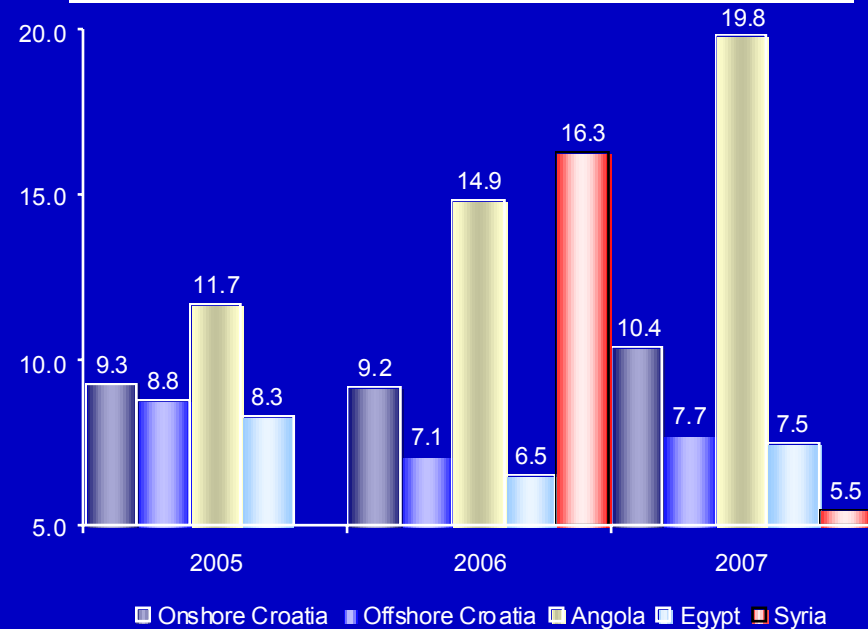
# EXPLORATION AND PRODUCTION



Average hydrocarbon production (Mboe/day)



Production cost (USD/bbl)



- Hydrocarbon production up by 12%
- Gas production up by 22%
- North Adriatic gas production up by 69%

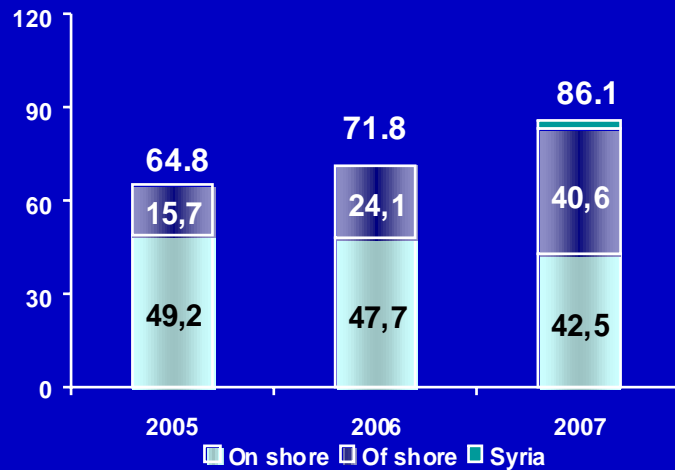
- Average production cost 9.7 USD/boe
- Higher production cost reflects the exchange rates
- New fields in Egypt increased the production cost



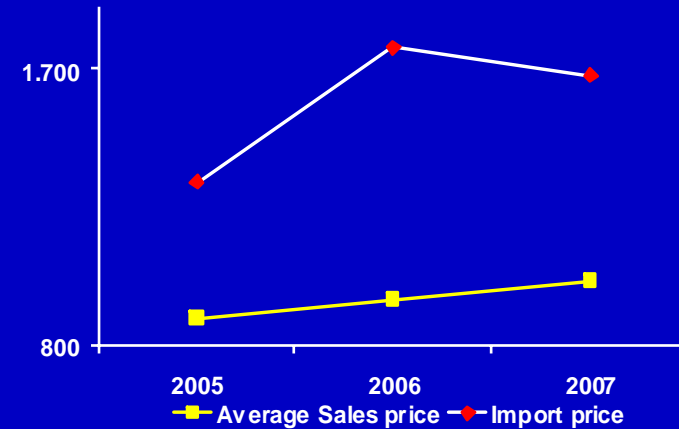
# EXPLORATION AND PRODUCTION



Natural gas production (Bcf)



Natural gas prices (HRK/Mcm/33.34MJ)



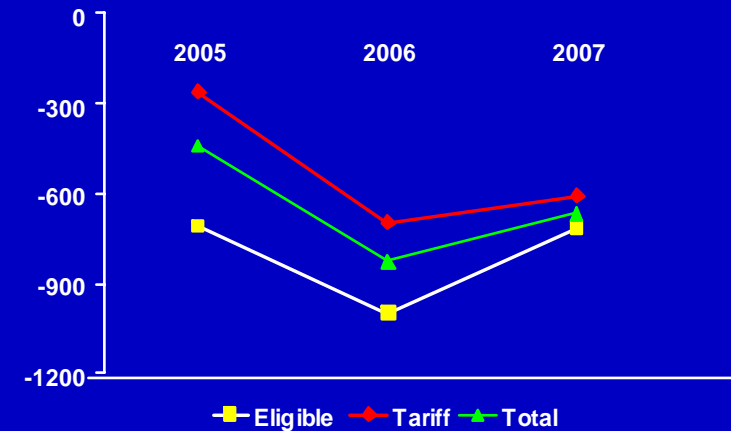
Gas production in 2007: 86.1 Bcf.

(up by 19.9%)

Lower import price differential

Regulated prices

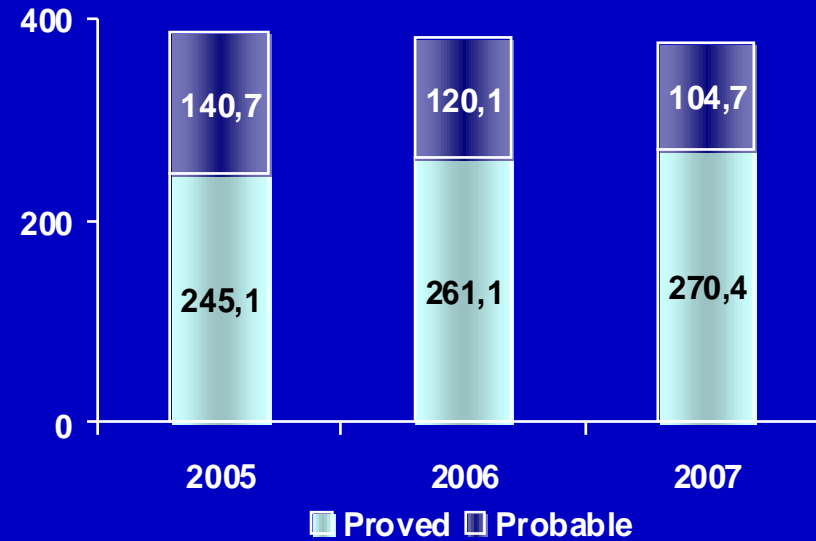
Import price differential (in HRK/Mcm/33.34 MJ)



# EXPLORATION AND PRODUCTION



Hydrocarbon reserves (MMboe)



Proved reserves increased by 9.3 MMboe

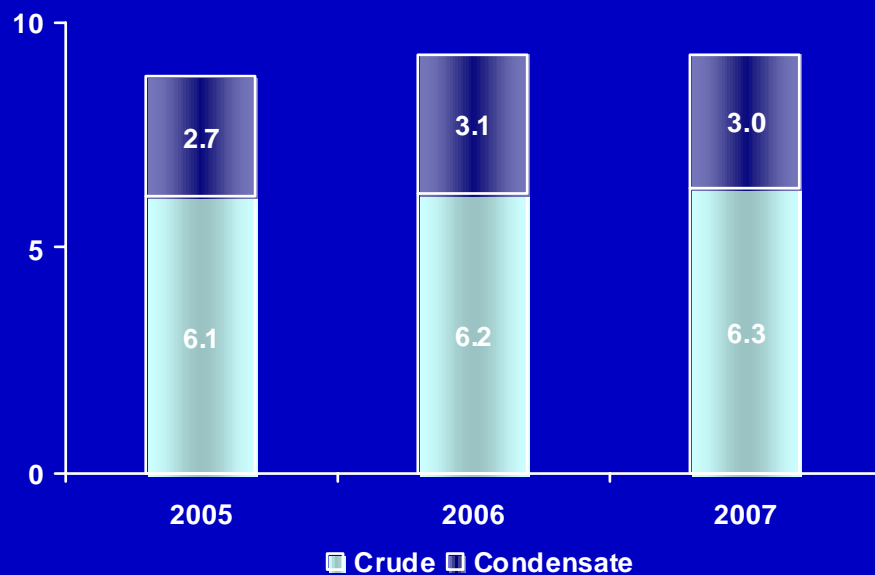
Proved reserves replacement ratio: 141.0 %



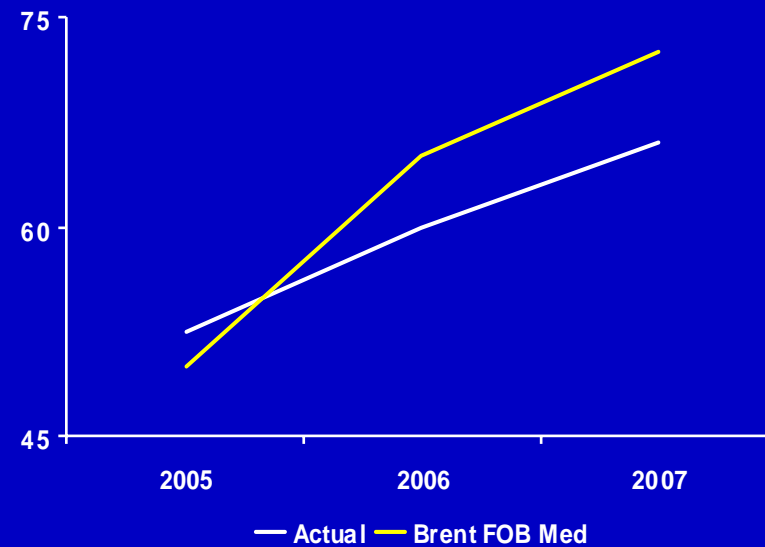
# EXPLORATION AND PRODUCTION



### Crude and condensate production (MMbbl)



### Average crude oil price (USD/bbl)





# REFINING AND MARKETING



# REFINING & MARKETING



## Results (HRK millions)

	2006	2007	% change
Sales revenues	18,136	18,746	3.4
Operating profit	170	59	(65.3)
CAPEX	850	985	15.9

- With the Refinery Modernisation Programme CAPEX rose by 16 %
- Sales of EURO IV from own production increased by 19%
- Results strongly influenced by the price cap

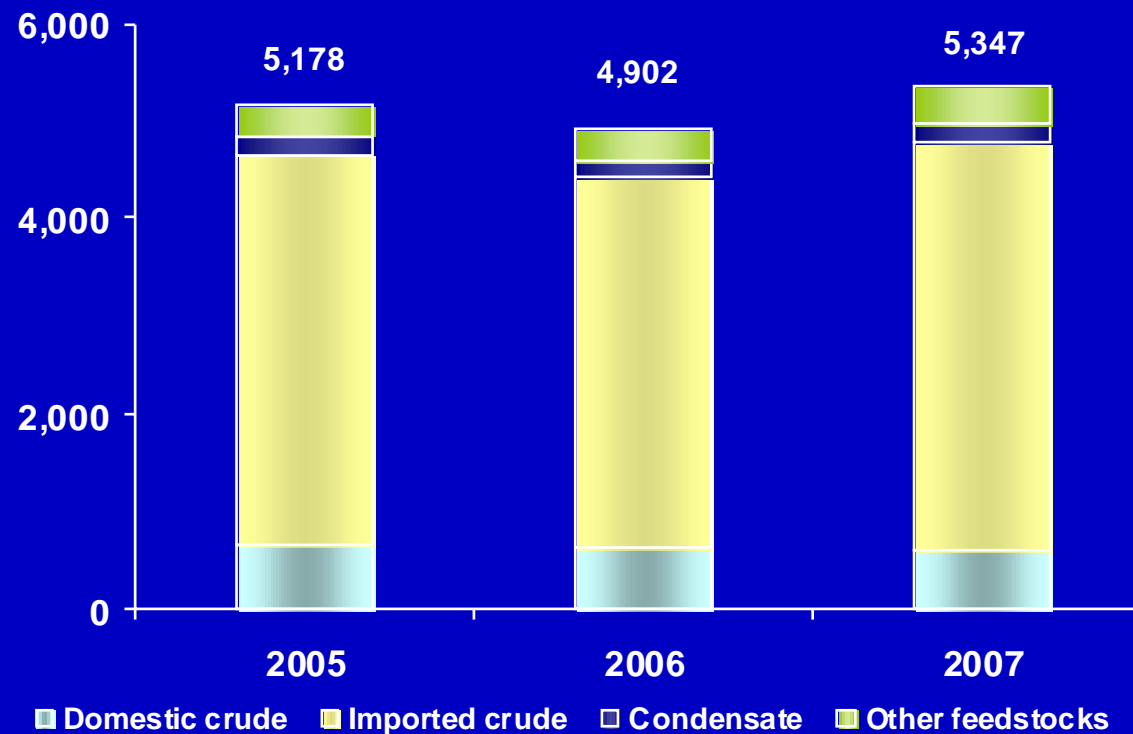




# REFINING & MARKETING



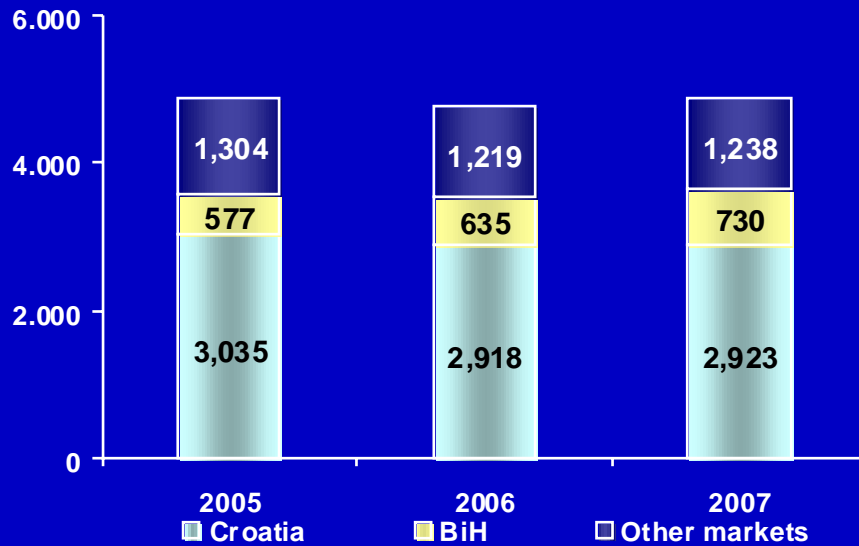
Refining (kt)



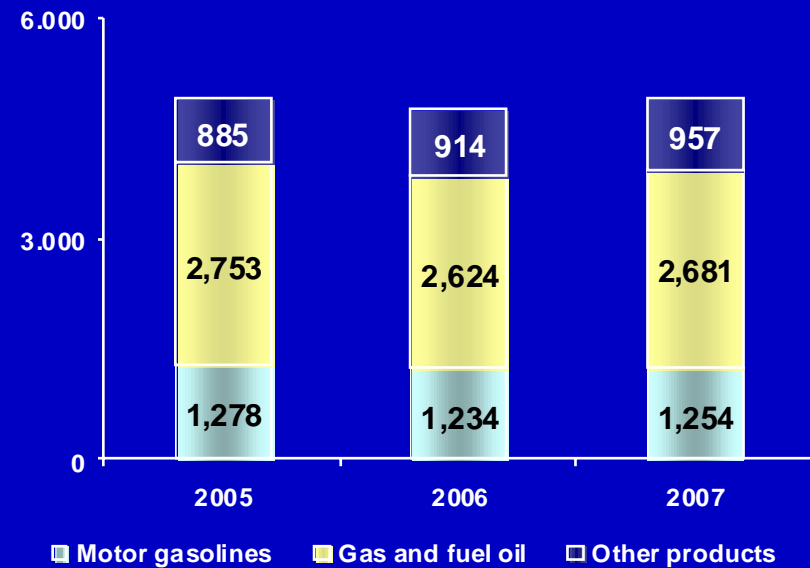
# Refining & Marketing - SALES



By market (kt)



By product (kt)



- Total exports rose by 6%
- Sales in BiH up by 15%
- INA retained its strong market position in Croatia

- Fuel sales increased by 2.5%
- Sales of EURO IV-grade fuel (from own production) grew by 19%



# RETAIL SEGMENT



# RETAIL



## Results (HRK millions)

	2006	2007	% change
Sales revenues	5,669	5,850	3.2
Operating profit	33	(90)	
CAPEX	117	212	81.2

- In 2007, revenues rose by 3.2%

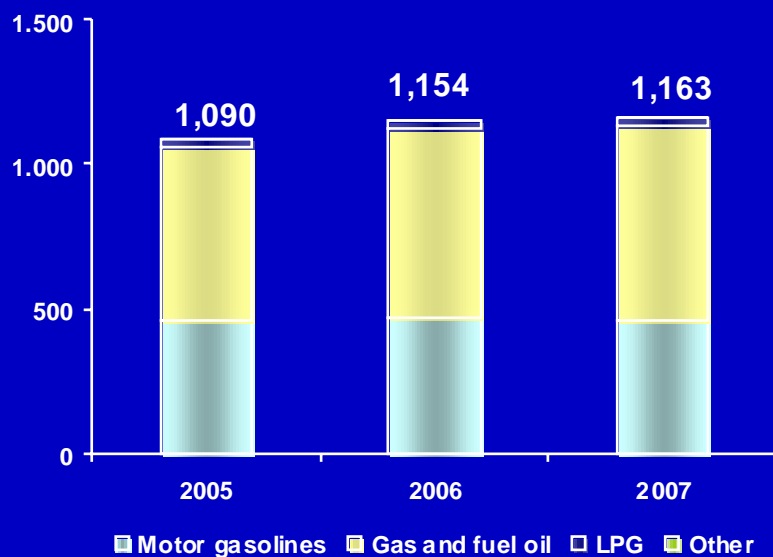




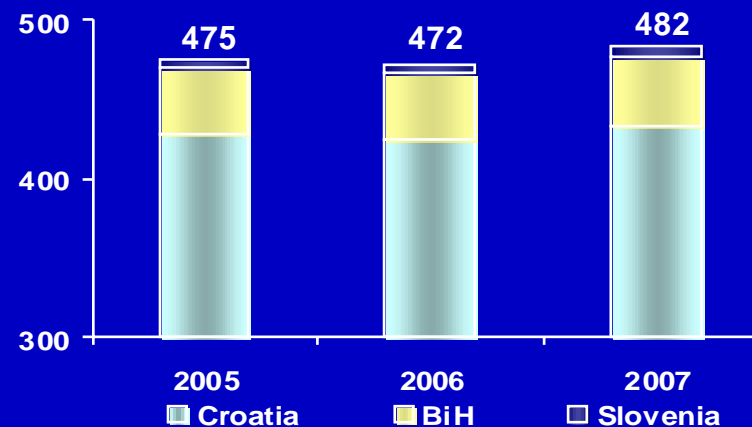
# RETAIL



## Sales (kt)



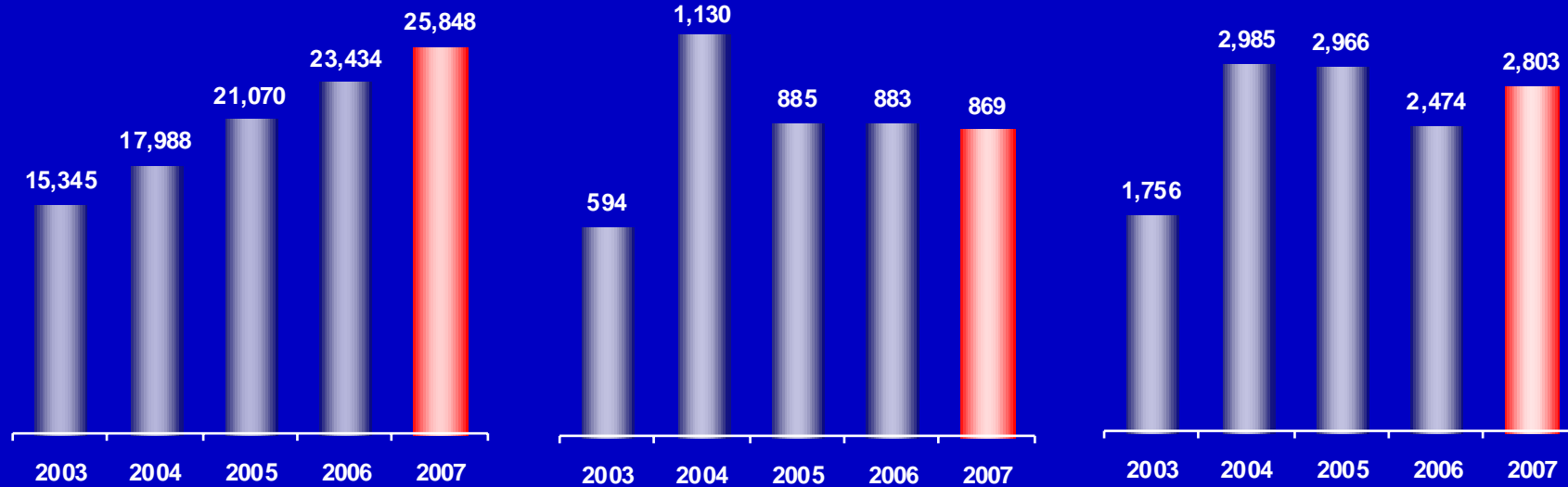
## Number of filling stations



- Diesel sales up by 4.4 %
- INA Card in total sales: 23 %
- Average throughput per site: 2,816 t



# KEY FINANCIAL INDICATORS



**Sales revenues**  
HRK millions

**Net profit**  
HRK millions

**EBITDA**  
HRK millions

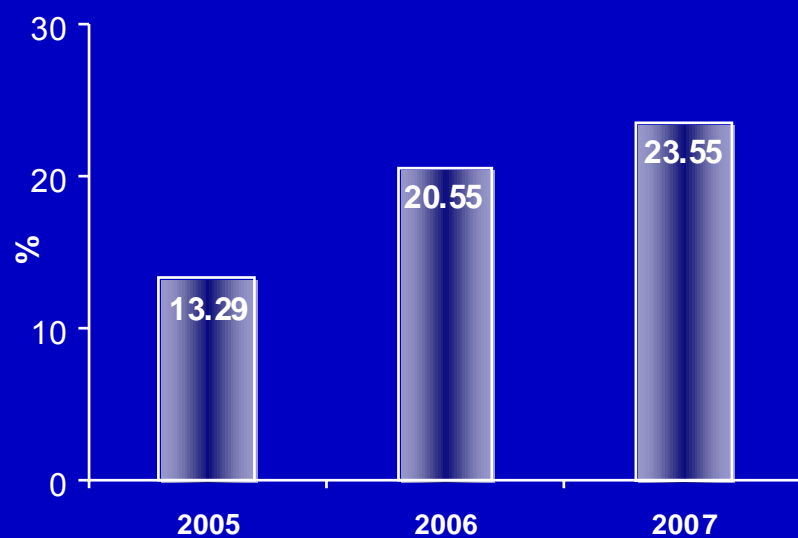




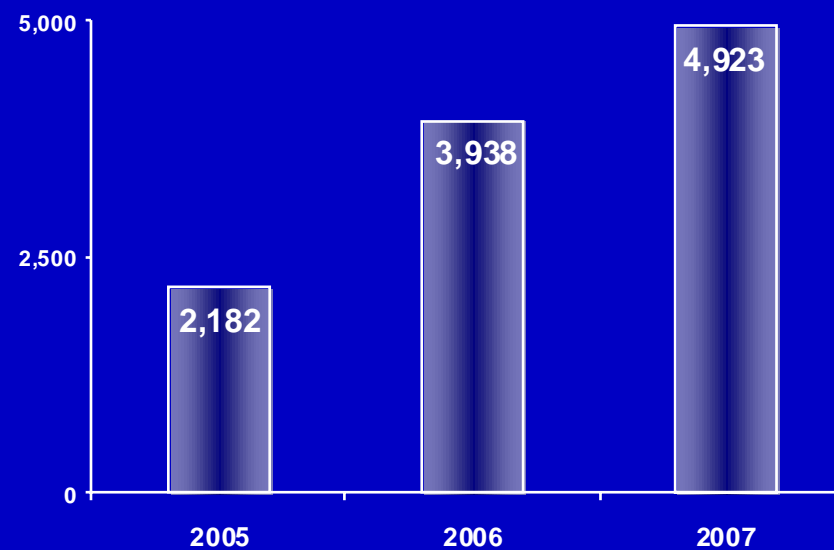
# GEARING



### Gearing (%)



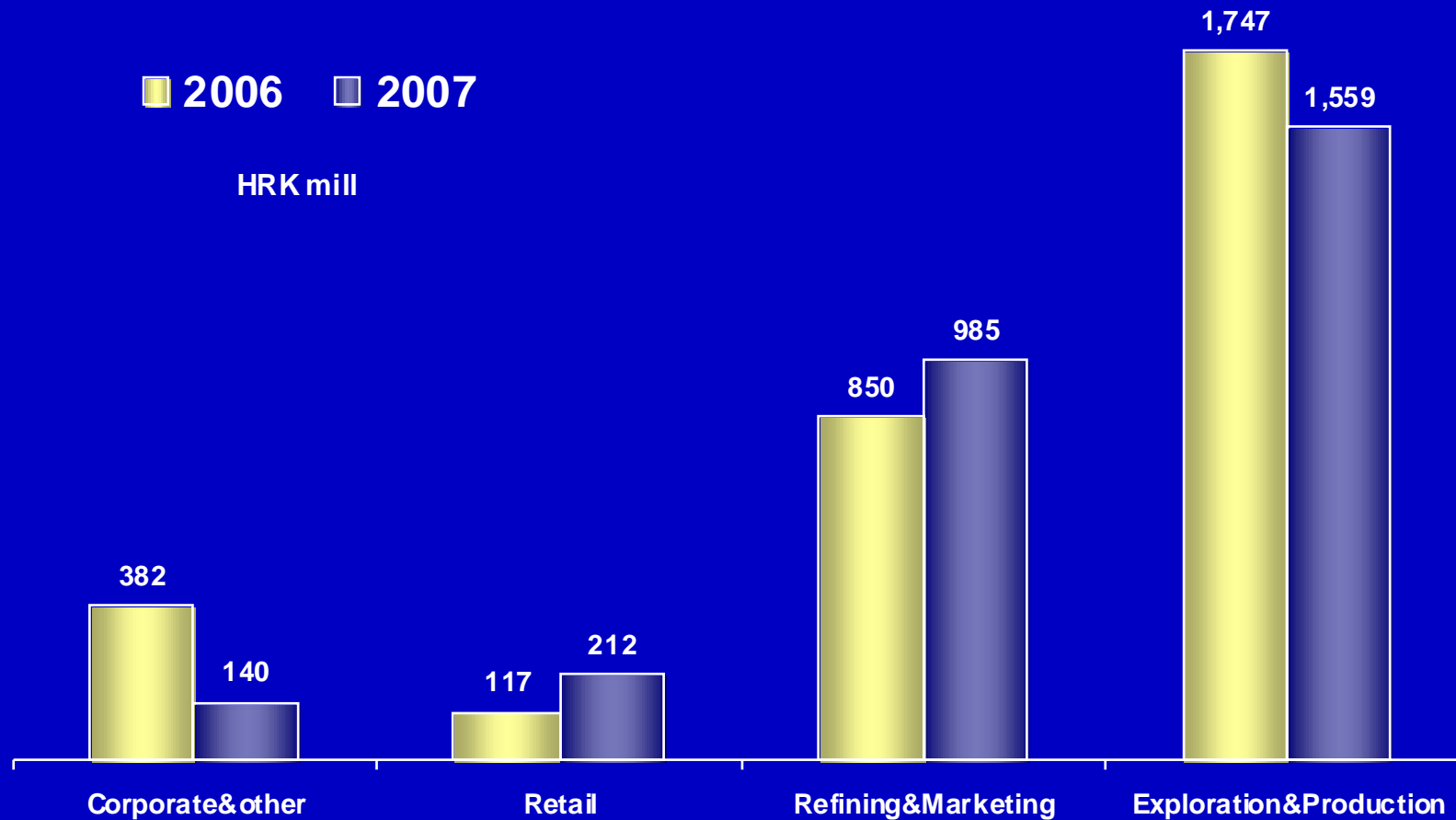
### Total debt (HRK mill)



# SEGMENTAL RESULTS



# CAPITAL EXPENDITURE



# EFFICIENCY IMPROVEMENT PROGRAMMES



## OptINA

- Total OptINA improvements reached HRK 422 M

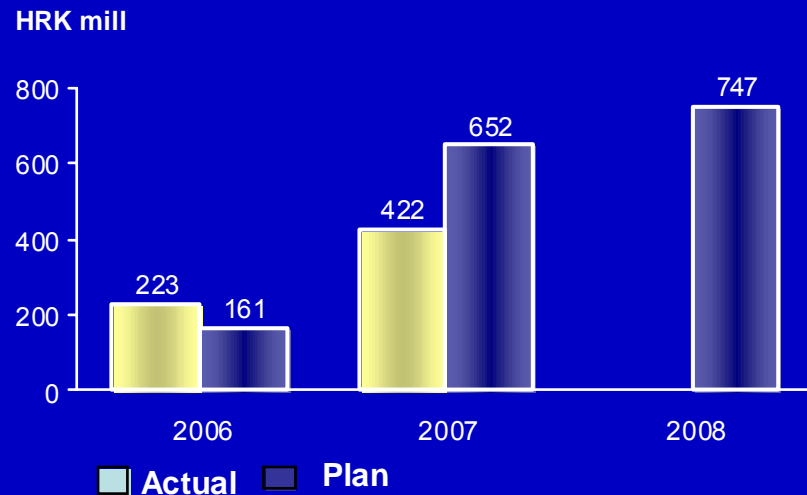
## SAP

- Went live in 2 packages ; project officially closed

## • Key OptINA efficiency projects include:

- **Procurement:** Optimisation of purchasing of energy, travel, telecom, office supplies, MRO (spare parts), etc. Full procurement capability-building programme started to sustain savings
- **Maintenance optimisation:** Reduction of sub-contractor spending and improvement of work scheduling (prioritisation) and monthly budgeting
- **Reduction of Rijeka refinery bottleneck**
- **Reduction of refining losses and own consumption:** Massive energy efficiency programme at both refineries (over 65 technical projects)
- **Working capital management**

## Targeted Annual Improvements



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