

**GROUP  
OVERVIEW**



**2007  
RESULTS**

Zürs, April 2008



# INA

## Exploration and Production

Focused E&P Portfolio with Development Upside

- Core regions
  - Onshore Croatia
  - Offshore Croatia
  - Middle East (Syria)
  - North and West Africa
- Sale/Import of natural gas
- Integrated Oil Services



## Refining and Marketing

Refineries under Modernisation; an Extensive Logistics Network

- Two fuel refineries
  - Rijeka (4.5MMt)
  - Sisak (4.0MMt)
- Marketer of 4.90 MMt of fuel products in Croatia and South East Europe (2007)
- Lubricants business
- LPG business



## Retail

Premier Retail Network

- Operator of 413 own petrol stations in Croatia, 20 owned by subsidiaries, 43 in Bosnia and Herzegovina, 6 in Slovenia
- In 2007 MOL/INA consortium closed the acquisition of the ownership over Energopetrol d.d. (Bosnia and Herzegovina) - 67% of share capital

## Corporate and Other

Operating on SAP system implemented wall-to-wall Jan 2007

- Corporate –support services
- Other – other activities



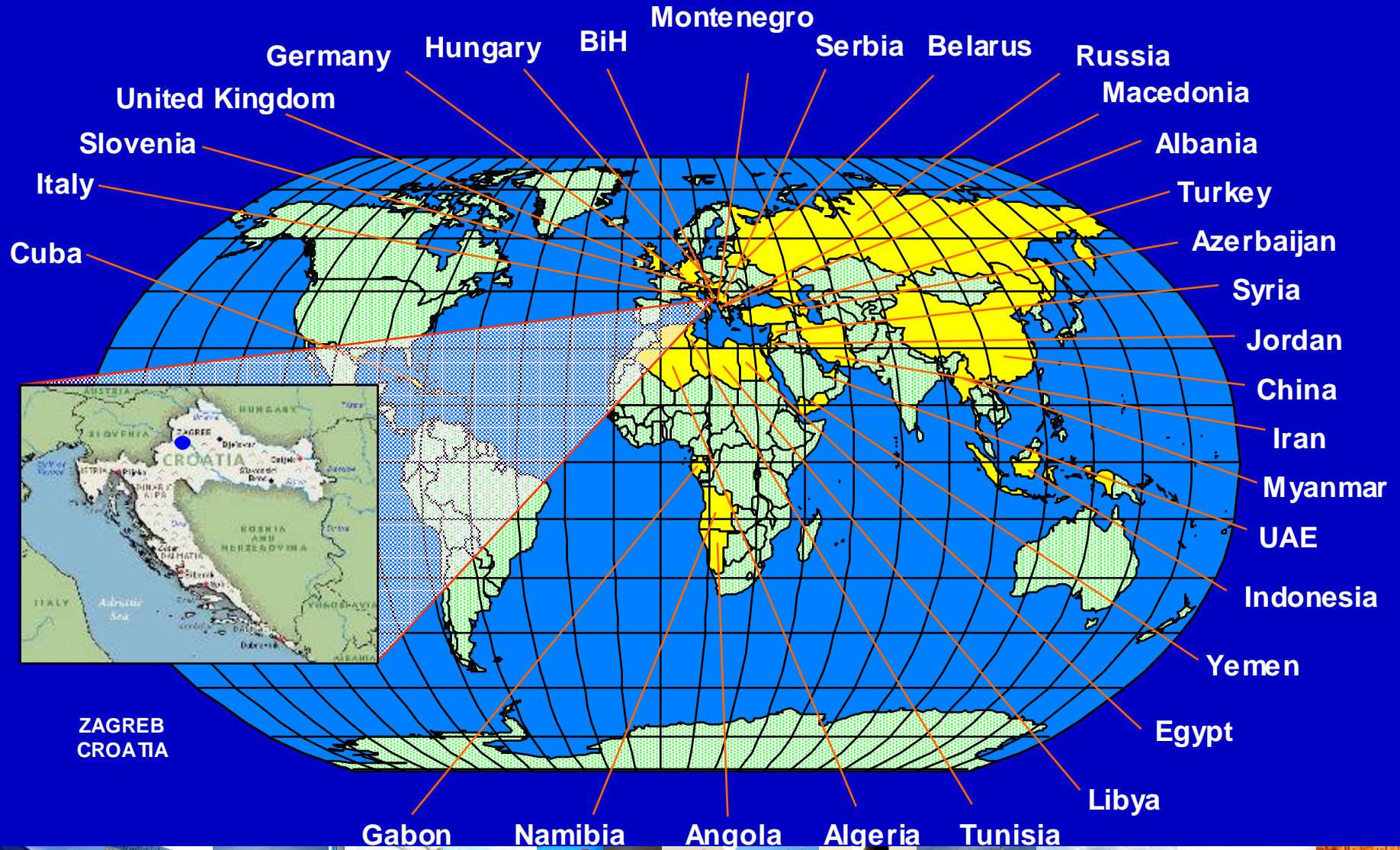
Maintenance Services



Safety and Security Services



# INA WORLDWIDE



# INA PRIVATISATION PROCESS



## Privatisation Phase I

## Phase II (IPO)

## Phase III

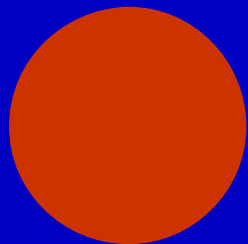
Up to 2003

2003

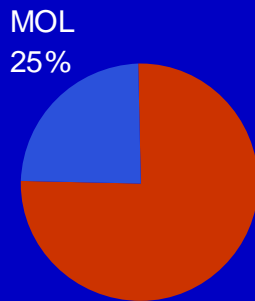
2005

2006

2007

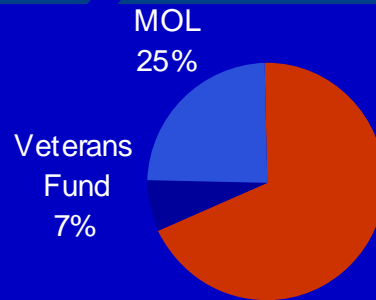


Republic of Croatia  
100%



MOL  
25%

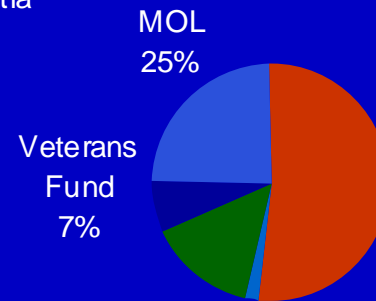
Republic of Croatia  
75%



MOL  
25%

Veterans Fund  
7%

Republic of Croatia  
68%

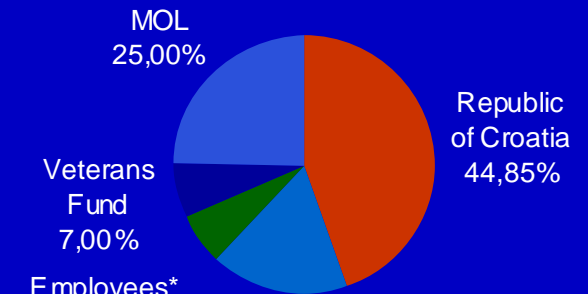


MOL  
25%

Veterans Fund  
7%

Free Float  
15%

GreenShoe  
2%



MOL  
25,00%

Veterans Fund  
7,00%

Employees\*  
6,28%

Free Float  
16,87%

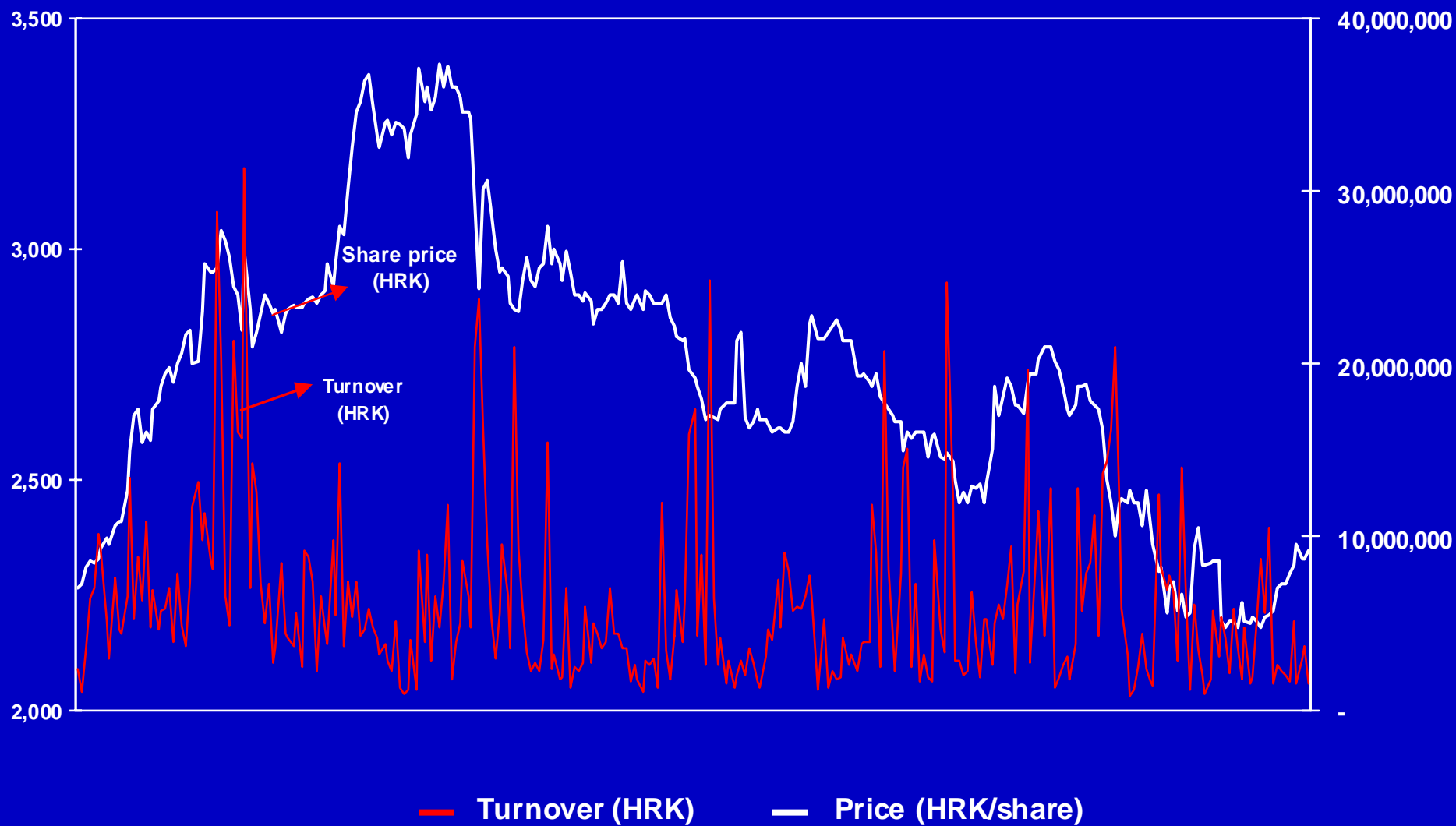
Republic of Croatia  
44,85%

As at 31 Dec 2007

\* Lock-up period 6-12 months from mid November 2007



# INA, d.d. share trading on Zagreb Stock Exchange (Jan 2007 - April 2008)





# ATTRACTIVE SOUTH-EAST EUROPE MARKETS



- INA's Core Region comprises Croatia, Slovenia, Bosnia-Herzegovina, Serbia, Montenegro, Macedonia and Albania
- Area of sustained above-average economic growth in the period 2002 - 2006
- EU accession key driver of growth
- Increasing energy and oil products demand as a result of continued GDP growth

## INA's Strategic Focus Area

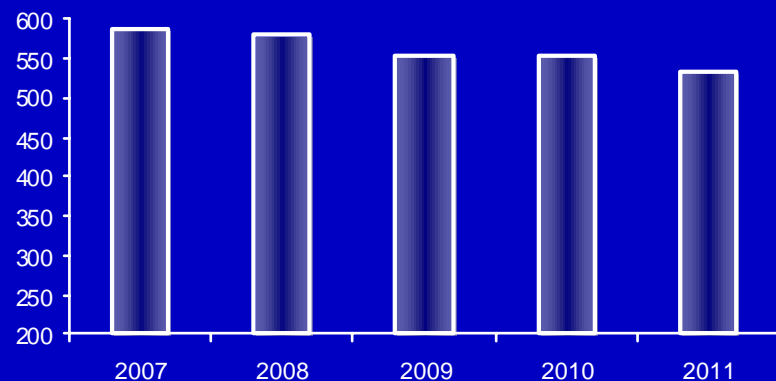


# CAPEX by 2011



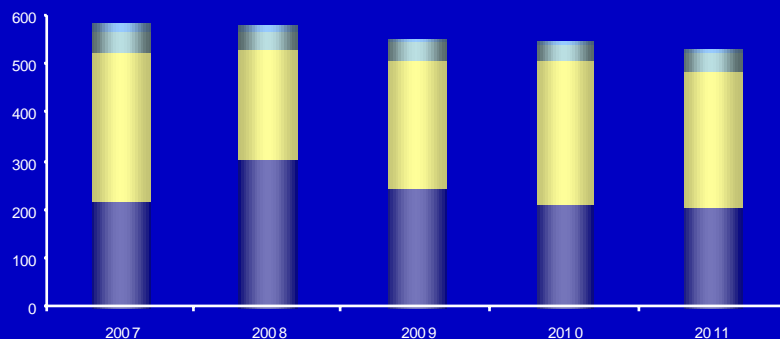
## CAPEX

USD mill



## CAPEX by SEGMENT

USD mill



■ Upstream ■ Refining&Wholesale ■ Retail ■ Other

### • Exploration and Production

- Completion of current projects
- Offshore Croatia
- Onshore Syria and Croatia (EOR)
- Continue with intensive exploration activities

### • Refineries and Marketing

- Complete the modernisation of Rijeka and Sisak refineries

### • Retail

- Modernisation of existing petrol stations and construction of new
- Acquisitions in Croatia and neighbouring countries



# 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

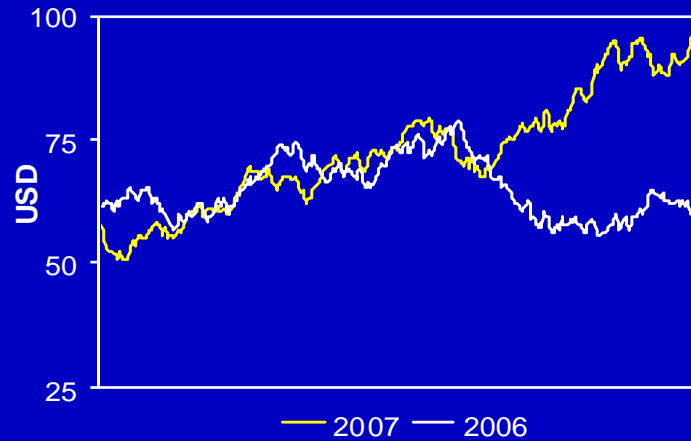




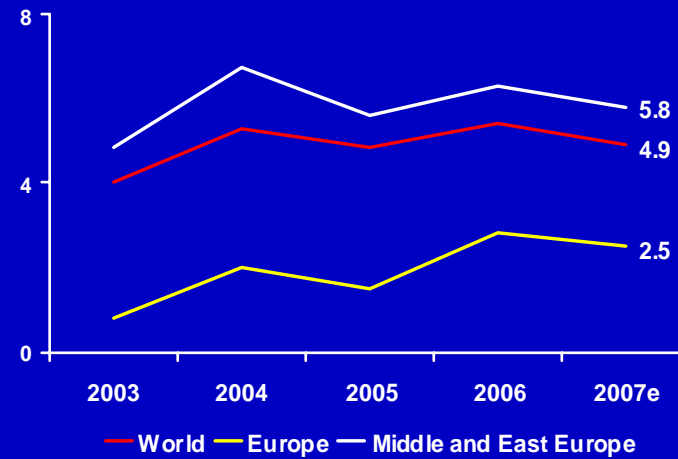
# BUSINESS ENVIRONMENT



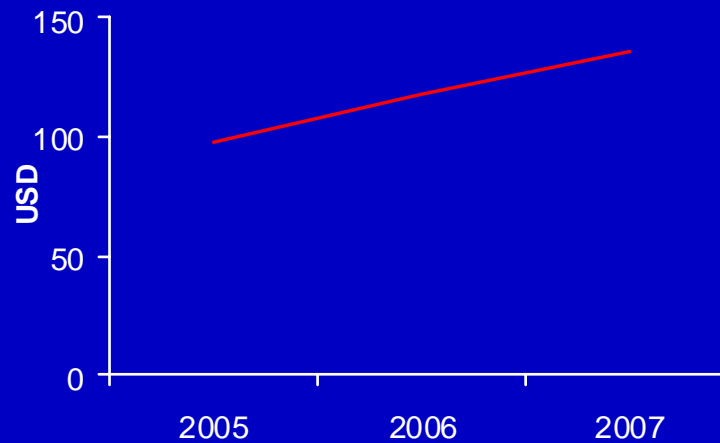
Brent FOB Med (USD/bbl)



Economy growth rates ( % )



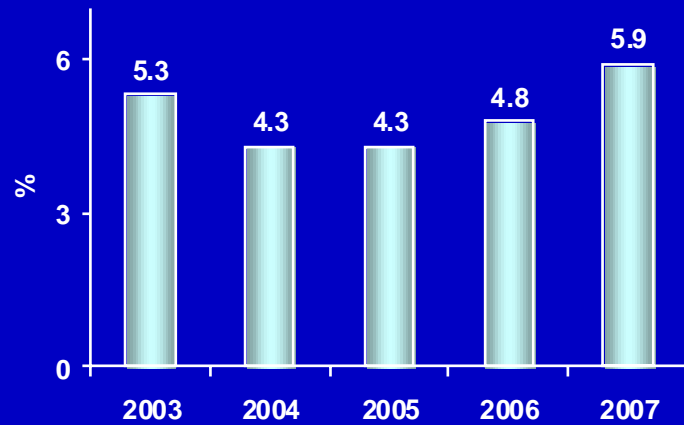
Premium unleaded petrol spread (USD/t)



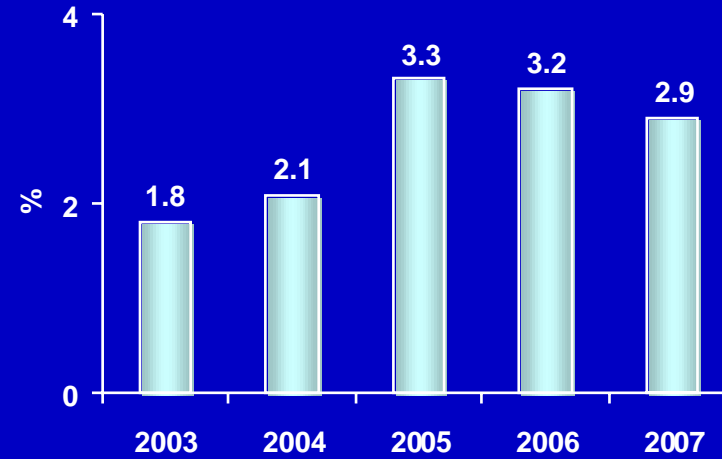
# DOMESTIC BUSINESS ENVIRONMENT



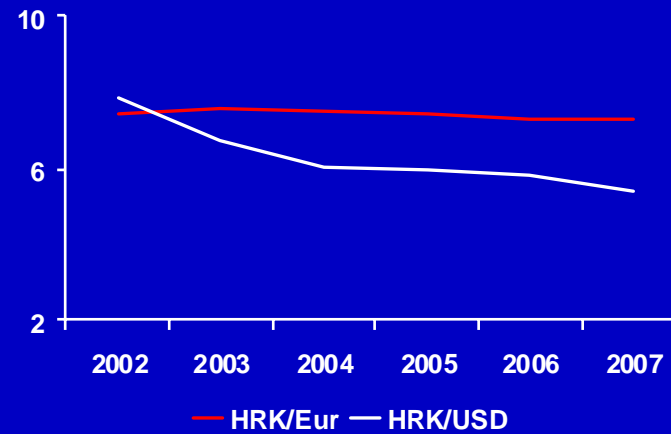
### GDP growth (%)



### CPI Inflation (%)



### Exchange rate movement





# 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%

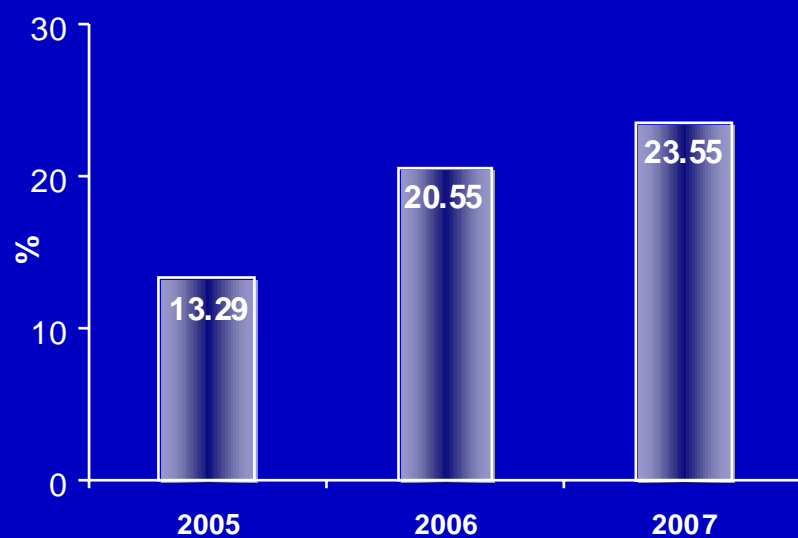
5 new premium sites built in line with the new retail strategy



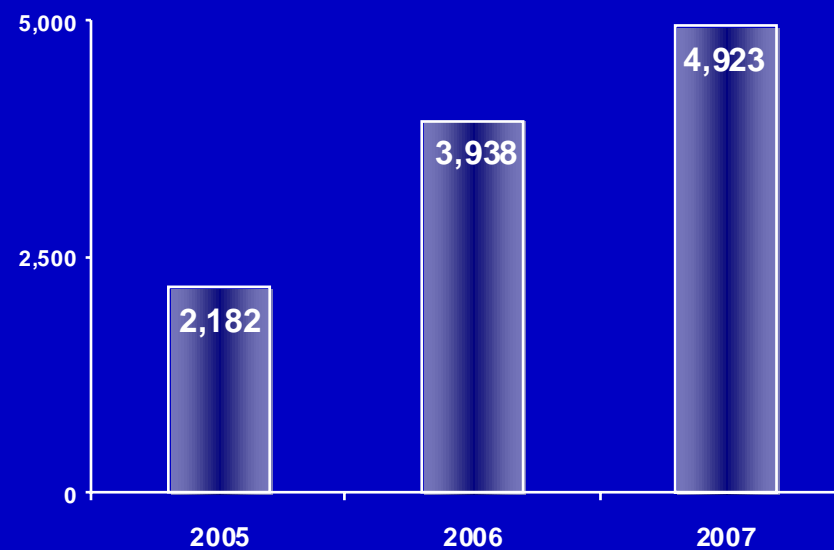
# GEARING



### Gearing (%)

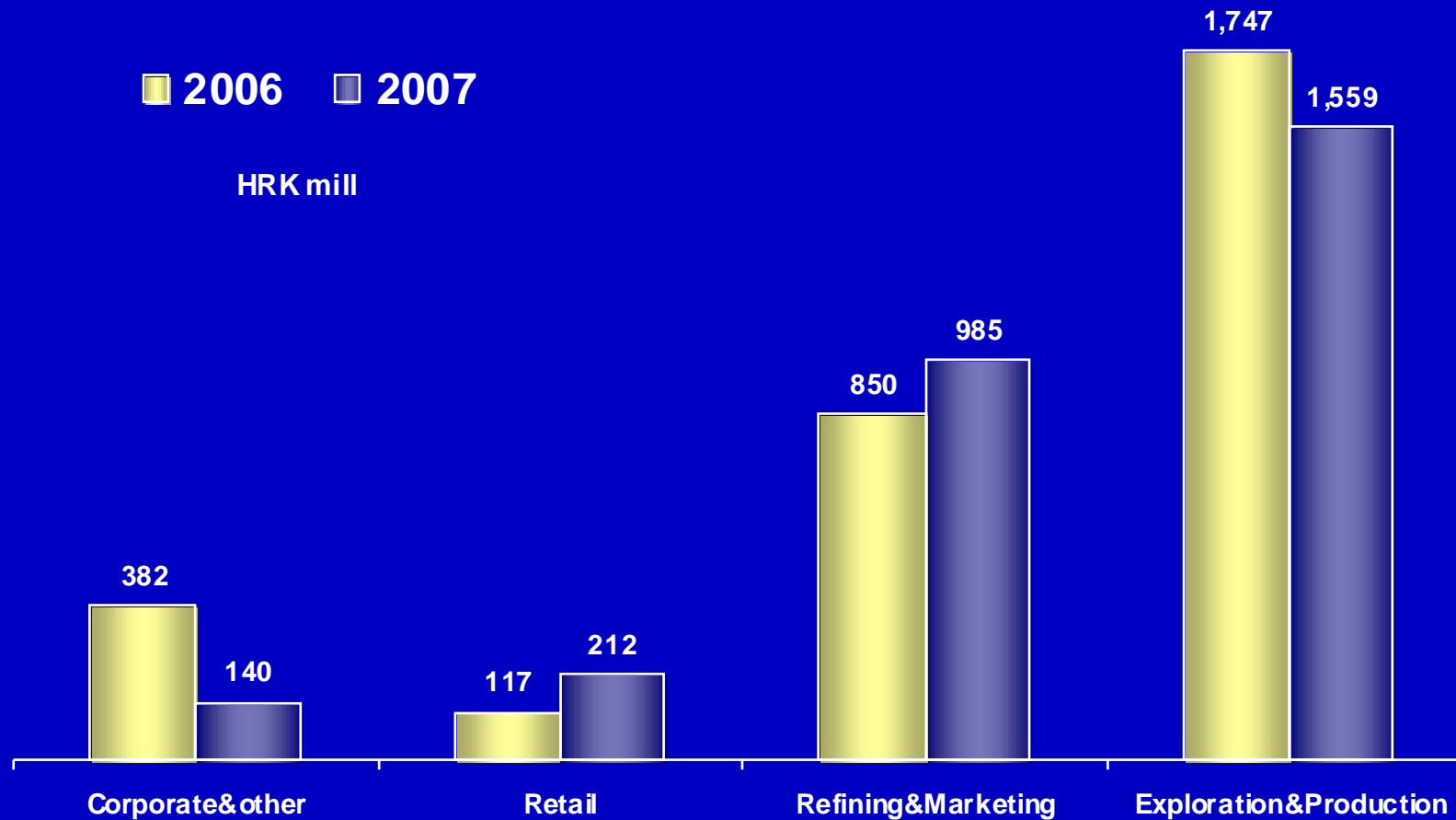


### Total debt (HRK mill)





# CAPITAL EXPENDITURE



# 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

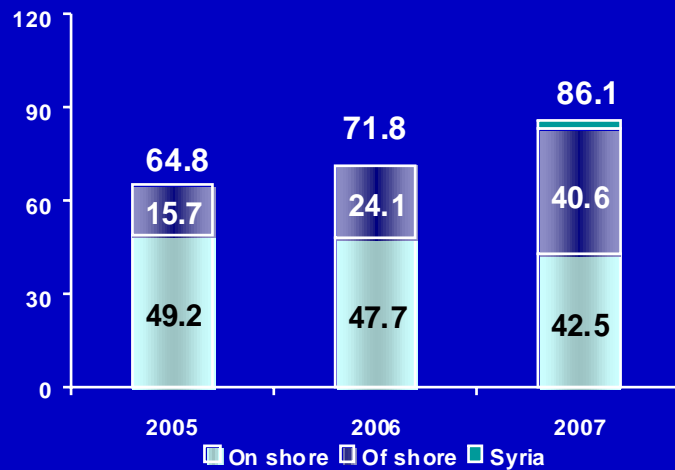
New discoveries of oil and gas



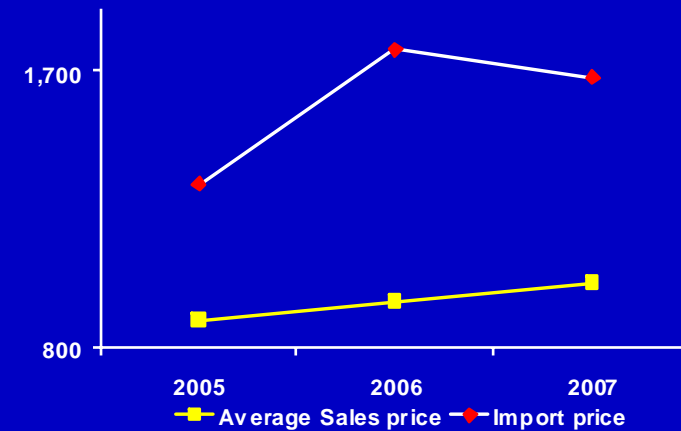
# EXPLORATION AND PRODUCTION



Natural gas production (Bcf)



Natural gas prices (HRK/Mcm/33.34MJ)



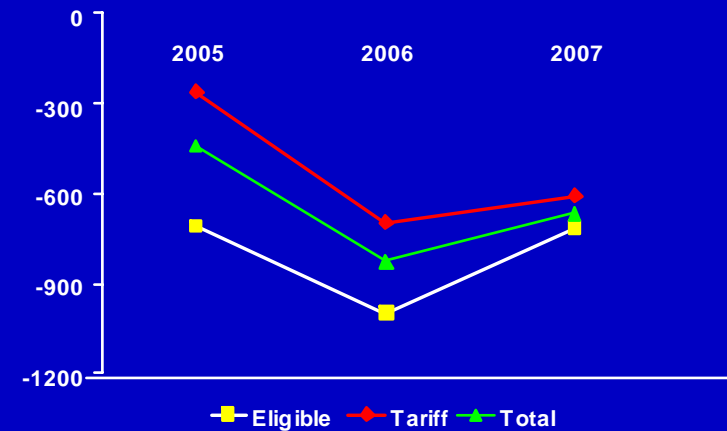
Gas production in 2007: 86.1 Bcf.

(up by 19.9%)

Lower import price differential

Regulated prices

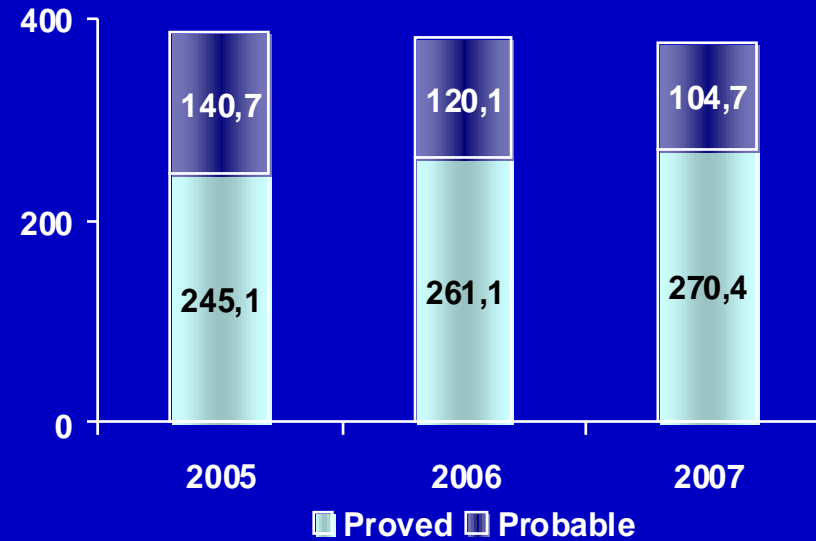
Import price differential (in HRK/Mcm/33.34 MJ)



# EXPLORATION AND PRODUCTION



Hydrocarbon reserves (MMboe)



Proved reserves increased by 9.3 MMboe

Proved reserves replacement ratio: 141.0 %





# REFINING AND MARKETING



# REFINING & MARKETING



## Results (HRK millions)

	2006	2007	% change
Sales revenues	18,136	18,746	3.5
Operating profit	170	59	(65.3)
CAPEX	850	985	15.9

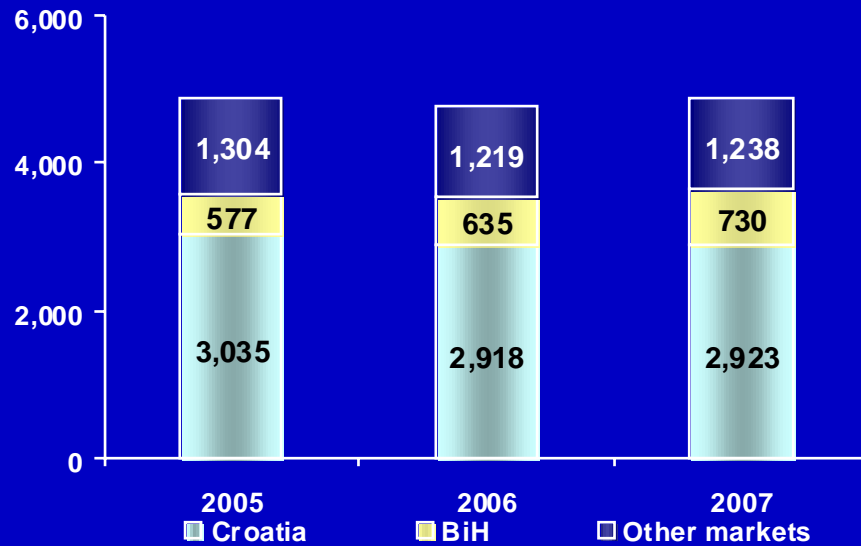
- With the Refinery Modernisation Programme CAPEX rose by 16 %
- Sales of EURO IV from own production increased by 19%
- Results strongly influenced by the price cap



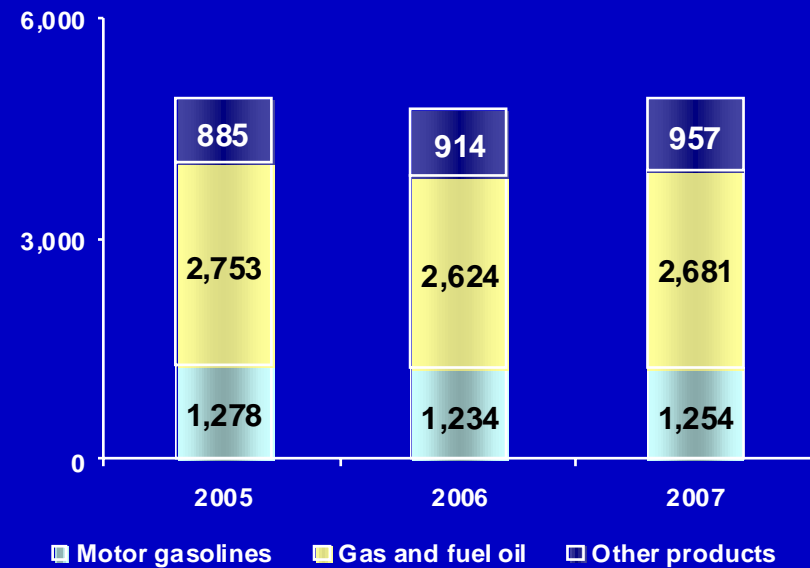
# Refining & Marketing - SALES



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%

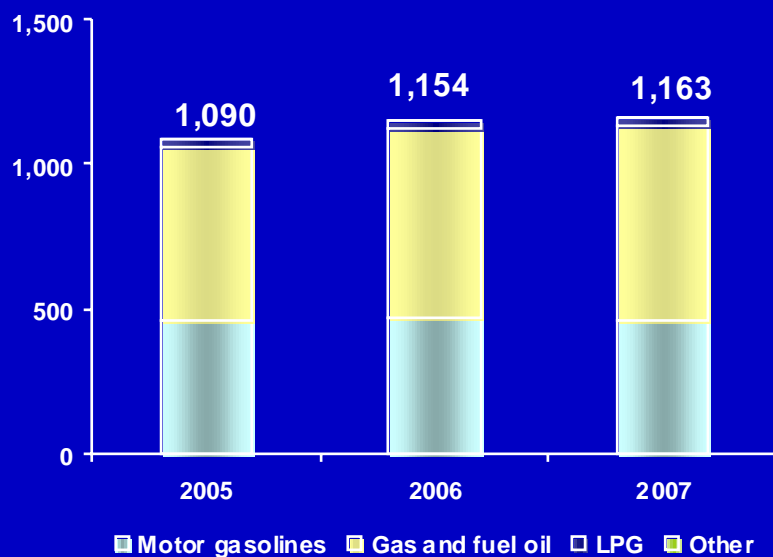




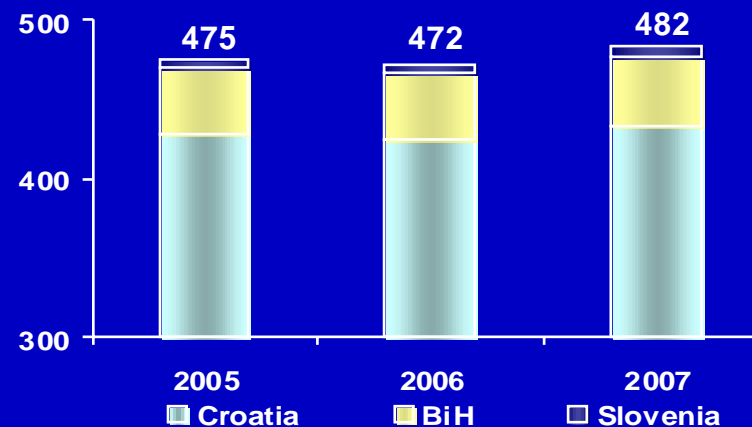
# RETAIL



## 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



# EFFICIENCY IMPROVEMENT PROGRAMMES



## OptINA

- Total OptINA improvements reached HRK 422 M

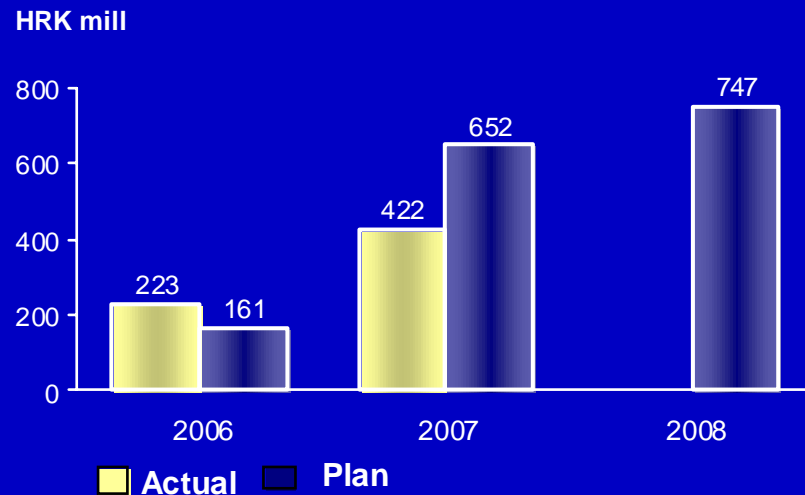
## SAP

- 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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