



INA in 2009

Summary

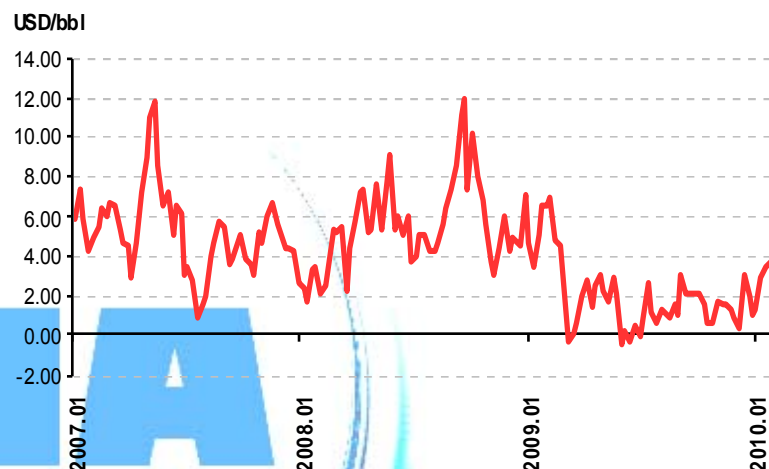
- Introduction
- Business environment challenges
- 2009 activities overview
 - Operating performance
 - Financial results
- Financial position
- Outlook



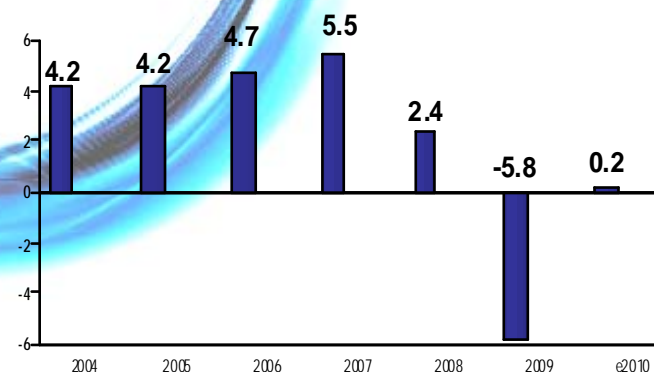
Business environment

- The recession weakened global energy demand in 2009
 - Diesel demand harder hit than gasoline
 - CE region motor fuel demand held up relatively well
- Oil price: about doubling from USD/bbl 40 USD at the beginning of the year to around USD 80/bbl
 - OPEC disciplined
 - Asian demand remains strong
- Weak refinery margins due to declining OECD demand
 - Capacity overhang leading to closures of weak refineries...
 - ...but still significant new capacity coming online in Asia

Ural MED Refining Margin



Real GDP growth rate - Croatia (%)





One of the leading integrated oil and gas companies in South Eastern Europe

E&P

Focused E&P portfolio with development upside

- ▶ Main current producing region is onshore Croatia
- ▶ Developments offshore Croatia and in Syria to provide future growth
- ▶ North and West Africa
- ▶ 325 MMboe SPE 2P reserves
- ▶ 56.6 Mboe/day production
- ▶ Integrated Oil Services



E&P discontinued

Exit from regulated Gas Storage and Gas Trading

- ▶ Loss on Russian gas imports to be eliminated (HRK 0.7/cm in 2009)
- ▶ Operating loss on discontinued operation was HRK 1,03 billion
- ▶ The Gas Storage Company was sold to Plinacro in Q2 2009 (HRK 497 mn one-off gain)
- ▶ Amended Gas Master Agreement
- ▶ Sales of gas trading postponed until 1 Dec 2010

R&M

Two well-positioned refineries with extensive logistics

- ▶ Competitively positioned refineries:
 - ▶ Rijeka
 - ▶ Sisak
- ▶ Extensive logistic infrastructure including large storage facilities, tank and rail cars
- ▶ Marketer of 4.4 million tonnes of oil products in Croatia and South Eastern Europe
- ▶ Market leader in Croatia

Retail

Premier Domestic Retail with Growing Regional Presence

- ▶ 489 petrol stations
 - ▶ 438 Croatia
 - ▶ 44 Bosnia H.
 - ▶ 6 Slovenia
 - ▶ 1 Montenegro
- ▶ Market leader in Croatia
- ▶ Retail network modernisation
- ▶ Growing number of sites with premium non-fuel offering

E & P – intensive development

Croatia

On-shore

- Joint projects with MOL
- Zalata-Dravica and Novi Gradac – Potony activities
- EOR project continues
- 2P Reserves 193 MMbbl

Off-shore

INAgip, EdINA

- Production start up - Annamaria A
- Izabela gas field, two platforms (Izabela South and North) installed and interconnected
- Investments: HRK 873 mil
- 2P Reserves 65 MMbbl

Syria

- Jihar Oil-Gas Station completed
- 6 discoveries in recent years
- Significant CAPEX
- Crude oil and natural gas production
- CAPEX HRK 1,617 mill
- 2P Reserves 55 MMbbl

Egypt

- Recent discoveries
- Crude production
- 2P Reserves 4.2 MMbbl

International projects

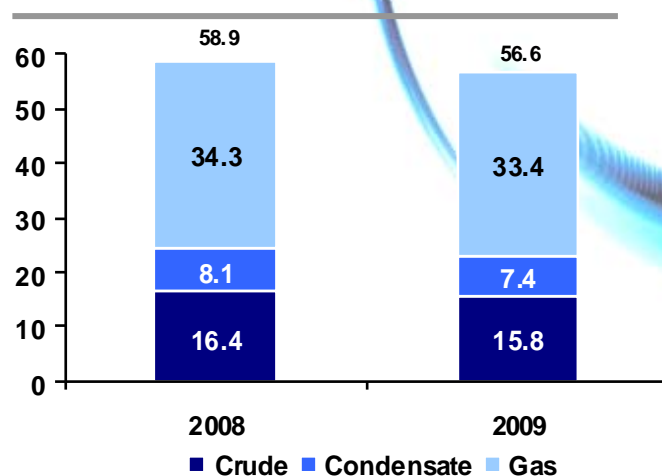
- Angola: stable crude production and exploration activities
- Angola 2P reserves 6.4 MMbbl
- Namibia and Iran: exploration activities



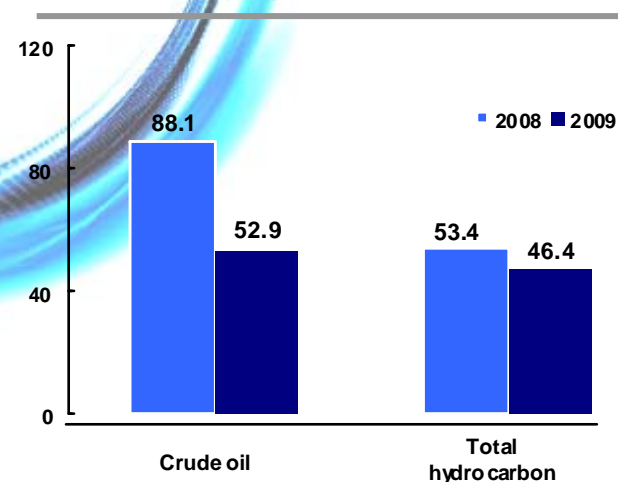
Segment IFRS results	in millions	2008		2009		Ch. %	
		HRK	USD	HRK	USD	HRK	USD
Revenue – continuing operations		8,273	1,677	6,736	1,276	(18.6)	(23.9)
Operating profit – continuing operations		3,528	715	2,616	495	(25.9)	(30.8)
CAPEX		2,732	554	3,039	576	11.2	3.4

- Intensive development to increase production level in near mid term
 - In Syria, oil&gas station Jihar completed, central gas processing plant under construction
 - In North Adriatic – gas fields Ana-Maria and Izabela
- Significant production increase expected from 2010

Average hydrocarbon production (Mboe/day)



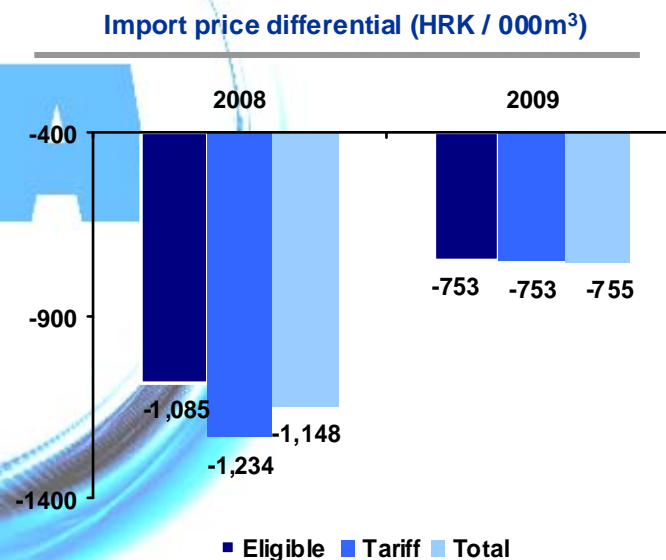
Average realised price (USD/boe)



Exploration & Production – Discontinued operations

Segment IFRS results in millions	2008		2009		Ch. %	
	HRK	USD	HRK	USD	HRK	USD
Revenue	1,664	337	1,958	371	17.7	10.1
Operating profit	(1,702)	(345)	(1,029)	(195)	(39.5)	(43.5)

- The loss on gas import decreased by 39.5%
- ...but the price for some big customers is still under the market price
- Government and MOL agreed that the gas trading will operate without generating losses in 2010...
- ...but Q1 2010 is still loss-making



E & P - Discontinued operation

Gas Master Agreement – signed on January 30 and amended on 16 Dec 2009

Exit from Gas Storage and Trading

- ▶ INA exits from regulated Gas Storage and Gas Trading operations
- ▶ Gas Storage divested in Q2 2009 for HRK 497 mn
- ▶ The deadline for the takeover of the Gas Trading Business by the Government is 1 Dec 2010
- ▶ Gas price increase should ensure that Gas Trading Company will operate without generating losses during 2010
- ▶ The regulatory risk is decreased significantly

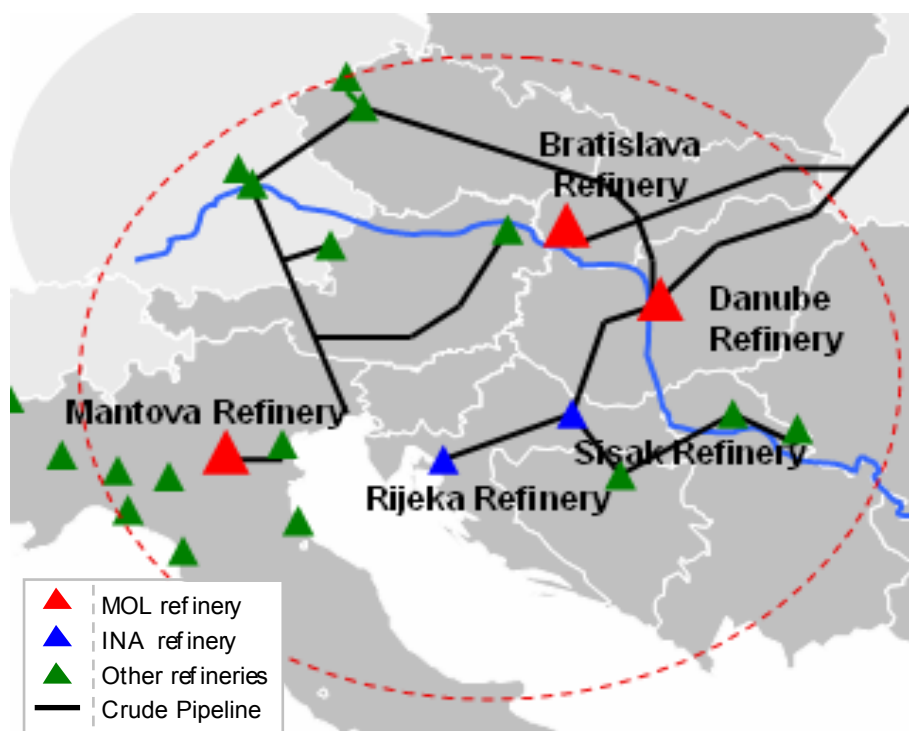
Boost the profitability of INA Upstream

- ▶ Long-term gas supply agreement to the Croatian market (take-or-pay)
- ▶ Sales price for INA's domestic natural gas production will gradually reach import parity level between 2010-14
- ▶ Favourable and predictable royalty framework for hydrocarbon production of INA in Croatia for the next 15 years (gradual increase with 0.5% each year until 2015 and it shall be fixed at 10% afterwards for 10 years).

R&M – refinery modernisation – first mover in the region

Key facts (2008)

- ▶ Rijeka refinery: NCI: 5.8
- ▶ Sisak refinery: NCI: 6.1
- ▶ Strong market position in South Eastern Europe



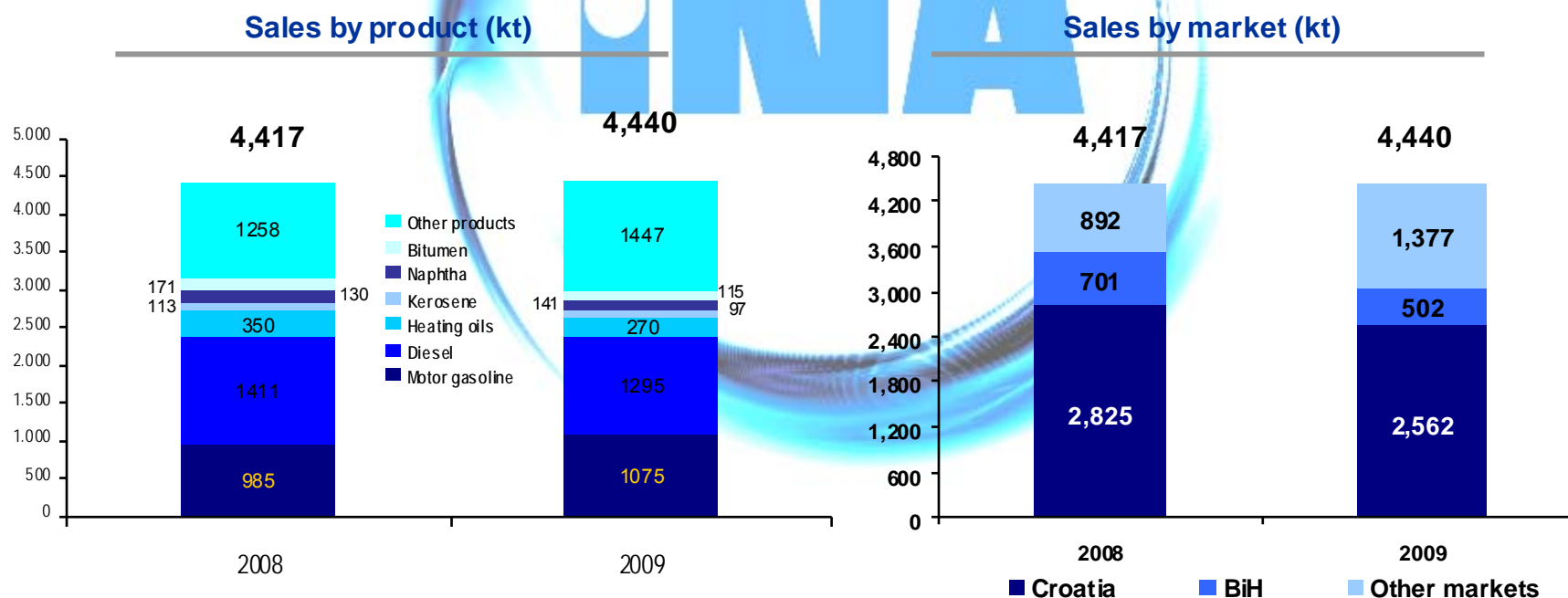
Refinery upgrade programme

- ▶ **INA refinery upgrade programme supported by MOL's know-how, provides medium-term value creation**
- ▶ **Phase I is a substantial investment programme to become quality leader in the region:**
 - ▶ Significant CAPEX spending (1,300 HRK)
 - ▶ Building new units (isomerisation at Sisak, hydrocracker at Rijeka)
 - ▶ Introducing EURO V standards
 - ▶ INA becomes quality leader in the region
- ▶ **Phase II:**
 - ▶ Enhance INA profitability via product yield improvement
 - ▶ Increase capacity utilisation
 - ▶ Improve overall efficiency

Refining & Marketing

Segment IFRS results	2008		2009		Ch. %		
	in millions	kn	USD	kn	USD	kn	USD
Revenue		19,888	4,032	13,454	2,548	(32.4)	(36.8)
Operating profit		(1,266)	(257)	(621)	(118)	(50.9)	(54.1)
CAPEX		1,493	303	1,367	259	(8.4)	(14.5)

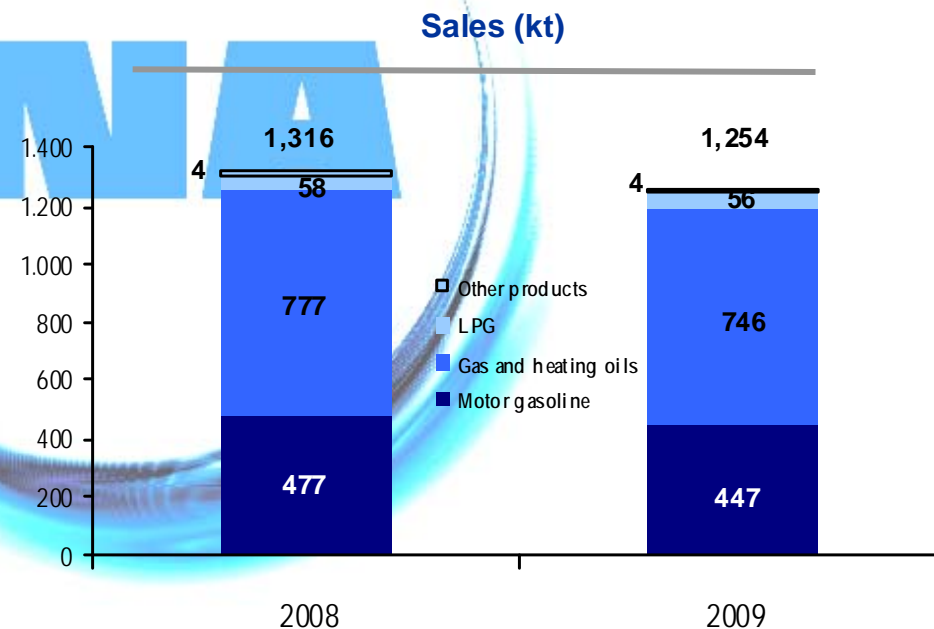
- Weak margin environment
- Despite poor profitability, CAPEX programme continued
- Despite record high retail prices, INA's R&M is in the red



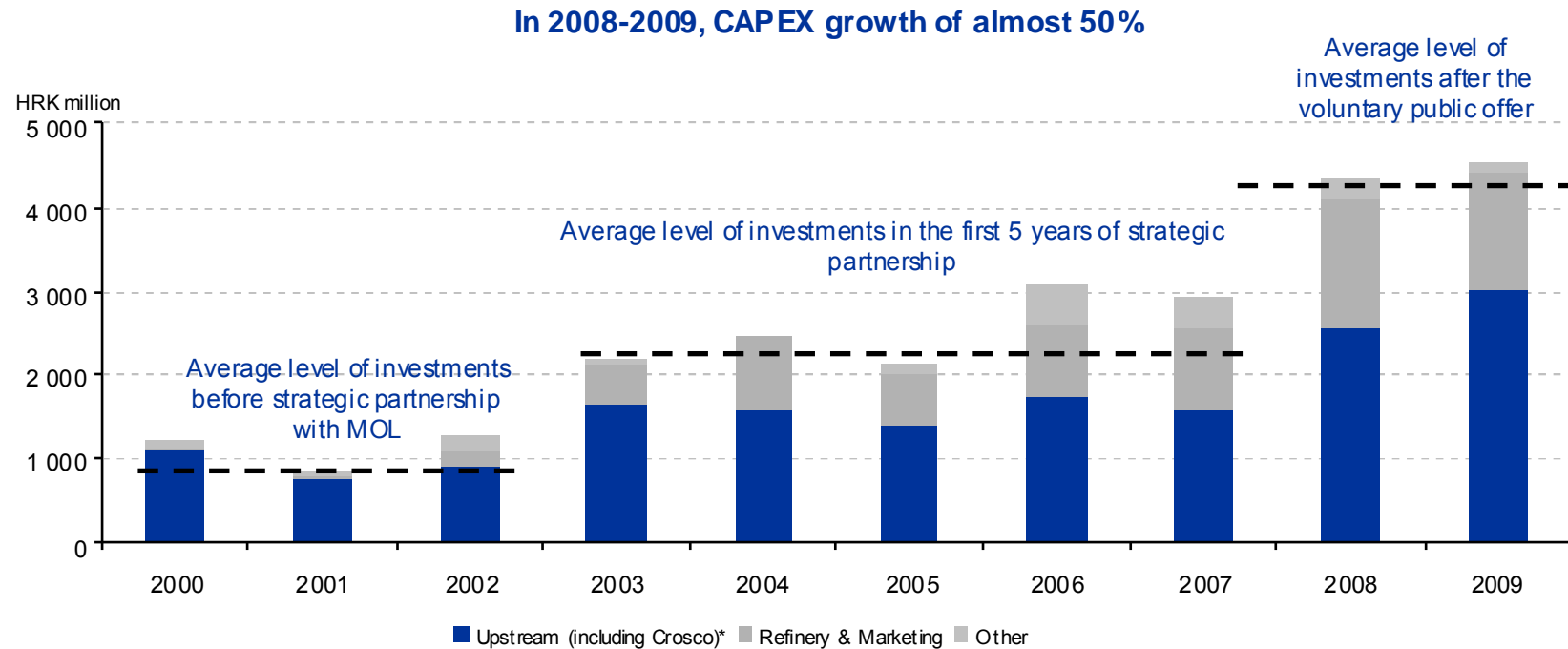
Retail: significant potential

Segment IFRS results in millions	2008		2009		Ch. %	
	HRK	USD	HRK	USD	HRK	USD
Revenue	8,221	1,667	5,812	1,101	(29.3)	(33.9)
Operating profit	(98)	(20)	(126)	(24)	28.6	20.0
CAPEX	143	29	47	9	(67.1)	(69.0)

- Network segmentation
- Extension MOL's advanced know-how and sales techniques,
- Improvements in products offered
- Benefiting from economies of scale and local brand strengths
- Increase of efficiency



Investments – significant growth



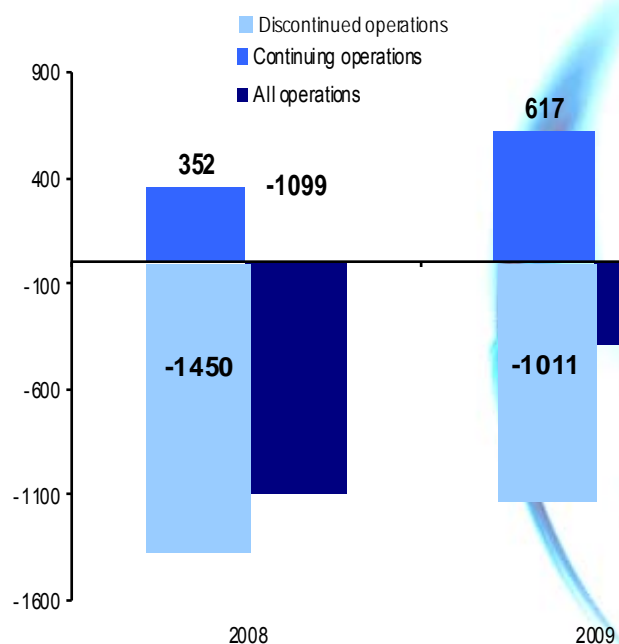
- In 2008/09, INA's annual investments increased by almost 50% with MOL's financial assistance

- Key projects

- Modernisation
- North Adriatic
- Syria

INA Group Key Financial Indicators

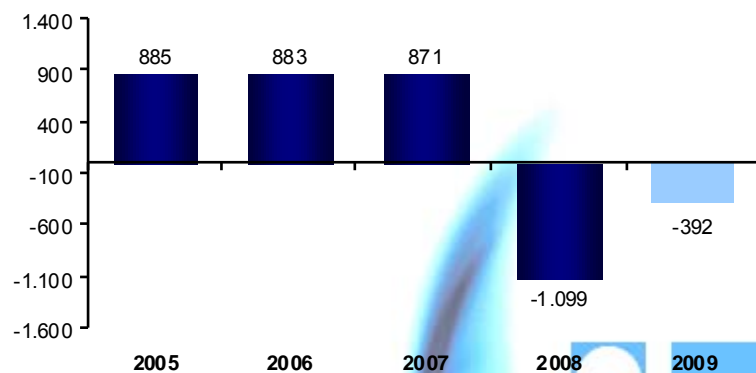
Net profit (HRK mill)



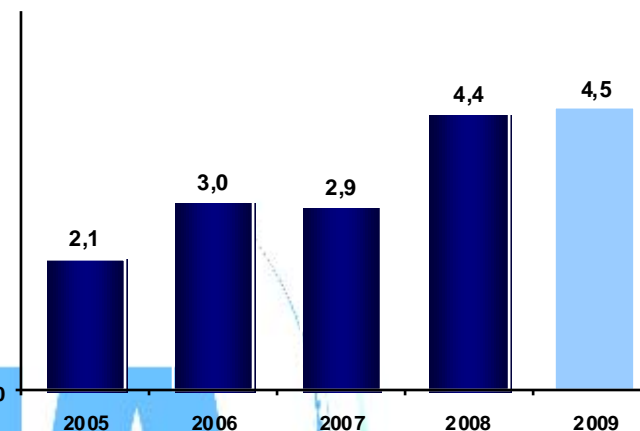
INA Group – financial results in million (IFRS)	2008		2009		Ch %	
	HRK	USD ¹	HRK	USD ¹	HRK	USD ¹
CONTINUING OPERATIONS						
Net sales revenues	27,144	5,503	20,373	3,858	(24.9)	(29.9)
EBITDA	3,564	722	4,013	760	12.6	5.3
Operating profit	1,310	266	1,047	198	(20.1)	(25.6)
Net financial gain (expenses)	(780)	(58)	(395)	(75)	(49.4)	29.3
Profit for the year from continuing operations	352	71	617	117	75.3	64.8
DISCONTINUED OPERATIONS						
Loss for the year from discontinued operations	(1,450)	(294)	(1,011)	(191)	(30.3)	(35.0)
ALL OPERATIONS						
Net profit/loss	(1,099)	(223)	(392)	(74)	(64.3)	(66.8)
Operating cash flow	2,629	533	2,960	561	12.6	5.3

Despite recession and loss on gas business, increased CAPEX resulting in a weakened financial position

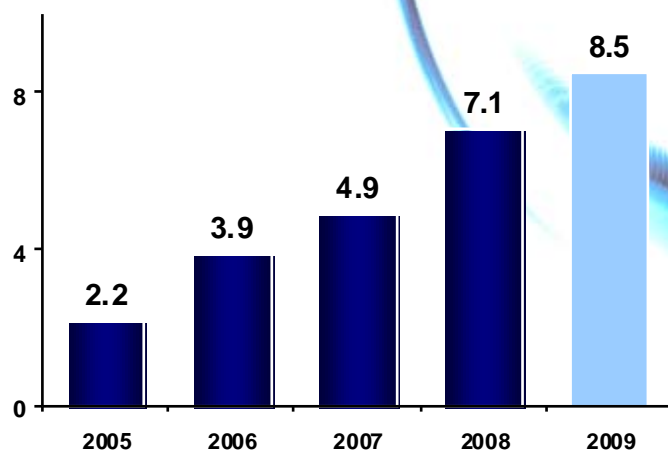
Net Income (HRK mn)



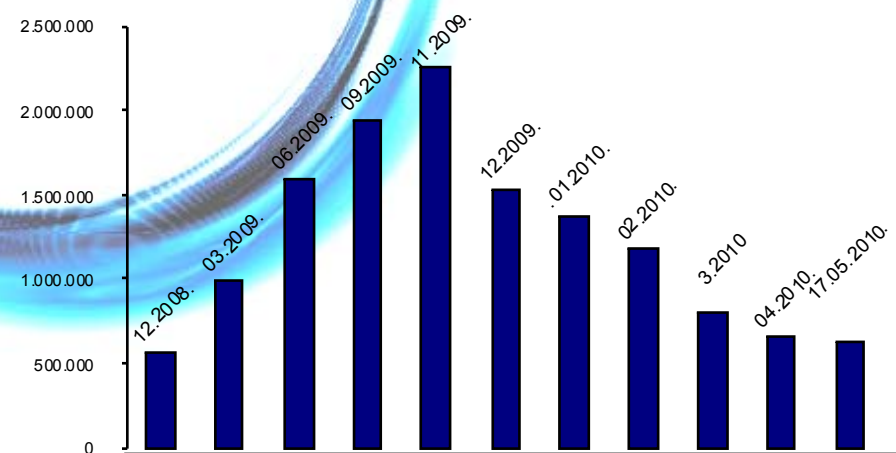
Capital expenditure (HRK bill)



Total debt (HRK bill)



Liabilities to the State (HRK 000)



Steps to stabilize INA's financial position



Additional efficiency introduced improvement measures by the Management to improve Company's performance

- ▶ Stabilisation of financial position and improving liquidity – possible external resources evaluated
- ▶ Reassessment and revaluation of the capital investments programme (in line with the Company's cash generation possibilities)
- ▶ Introduction of serious and strict measures to cut operating expenses by the year-end with the task of the management to continue implementing cost cutting measures
- ▶ MOL supported INA with HRK 270 mn (loans etc.)

Further strong shareholders financial support needed

Outlook – Key tasks

- ▶ Stabilise INA's financial position and create a strong base for value creation
- ▶ Resolve the outstanding issues regarding the gas business
- ▶ Finalise the key ongoing projects
 - ▶ Syria..
 - ▶ Croatian off-shore
 - ▶ Refinery modernisation
 - ▶ Retail network development
- ▶ Increase the overall efficiency

Improve financial position and efficiency

