

# INA Group

Presentation of 2010 Q1-Q3 results and activities



Zagreb, October 29, 2010

## Despite the challenges of the current external environment in the first nine months of 2010 INA Group has significantly improved its overall results

**1**

**INA 2010 Q1-Q3 results at a glance:**

*Strong results for the first time in two years time*

**2**

**Activities overview:**

*Response to adverse global and domestic market developments*

**3**

**Financial position:**

*Stabilized financials with healthy outlook*

**4**

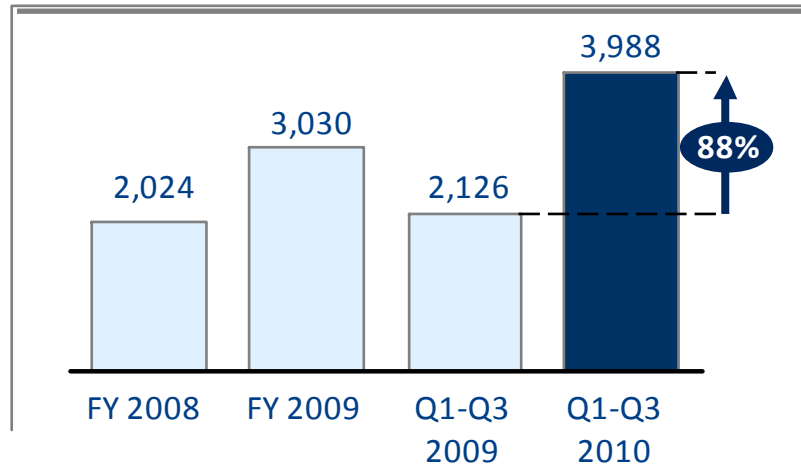
**Outlook/plans in the forthcoming period:**

*Systematic development for further growth*

# 1 Operating results significantly improved despite loss on gas trading as a result of the new management's efforts

## Total EBITDA of INA Group<sup>1</sup>

HRK millions

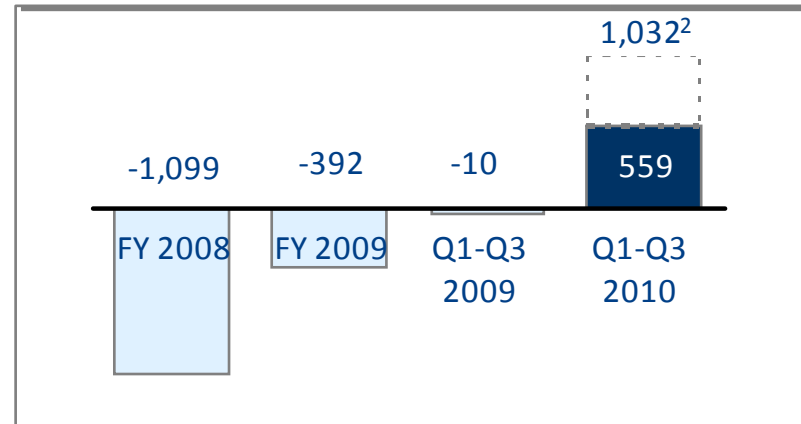


More than 88% increase in EBITDA, resulting from

- Continued investments in recent years approaching end, and already contributing to results (Syrian Hayan project, Northern Adriatic offshore, Refinery modernization)
- Better product slate in refineries
- Slight improvement in external environment

## Total net income of INA Group<sup>1</sup>

HRK millions



INA recorded positive net income, due to

- Efficiency improvement programs/cost savings initiatives
- Higher operational efficiency

However results negatively affected by

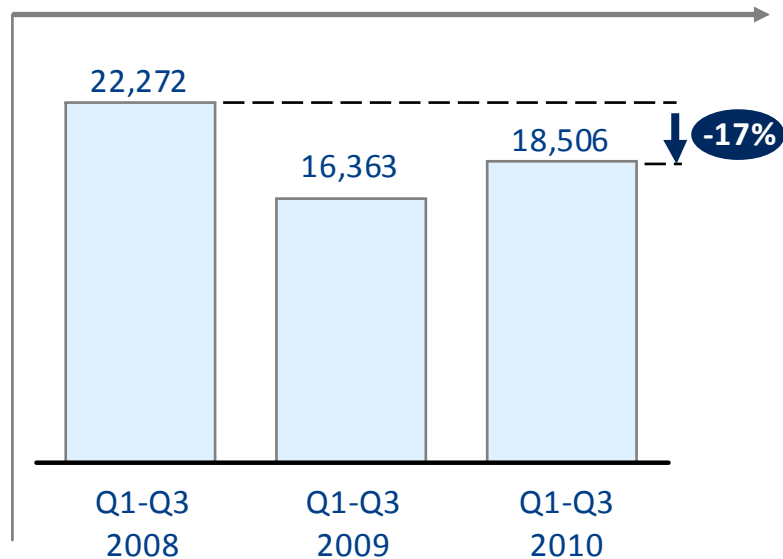
- One off items of HRK 719 mn in Q3 (environmental provisions & provisions for redundancy program)
- HRK 460 mn loss on gas trading in Q1-Q3
- Depressed domestic market demand

1: EBITDA, net income (including special items) 2: Net income (excluding special items)

## 2 As a result of cost saving initiatives INA managed to deal with heavy drops in revenues resulting from demand drop...

### Total sales of INA Group

HRK millions

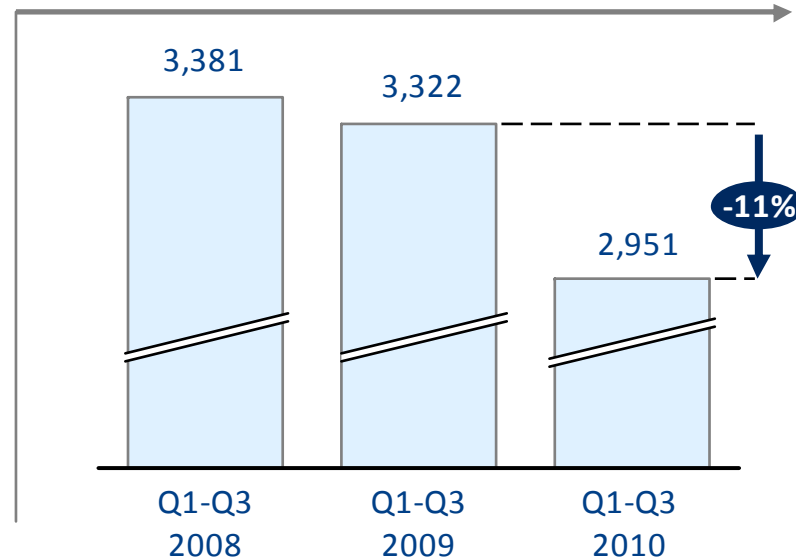


INA revenues decreased by 17% compared to same period of 2008, due to

- Lower crude prices and crack spreads
- Strong decrease in demand in Croatia due to recession

### Refined product sales of INA Group

Thousands tons

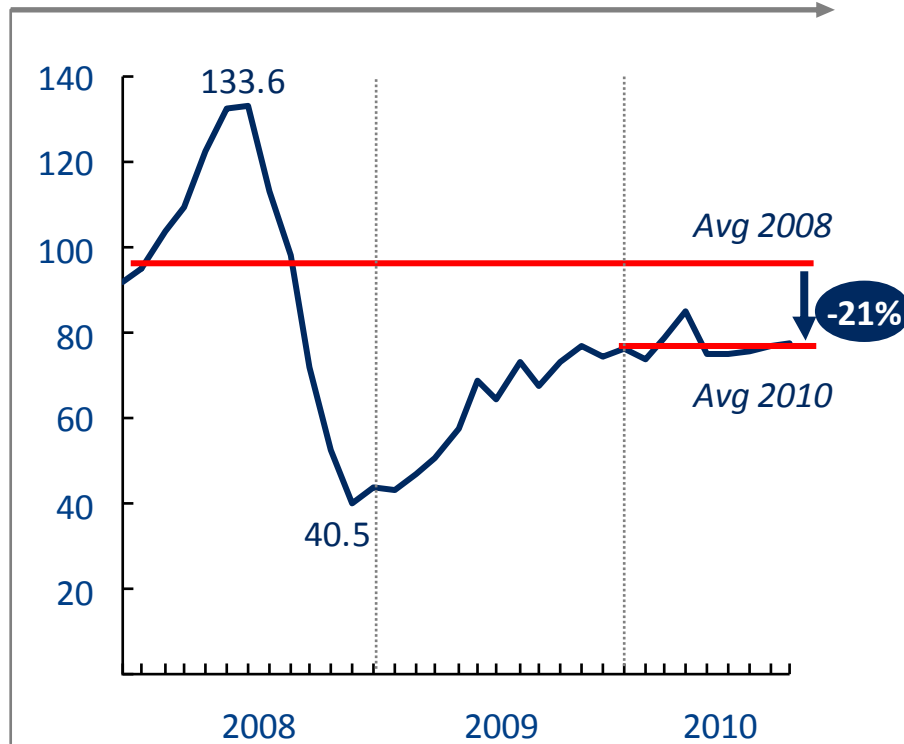


Demand for petroleum derivatives of INA Group decreased by 11% compared to the same period in 2009 and has been already decreasing in 2009

## 2 ...and a significant decrease in oil prices and crack spreads since 2008

### Oil price<sup>1</sup>

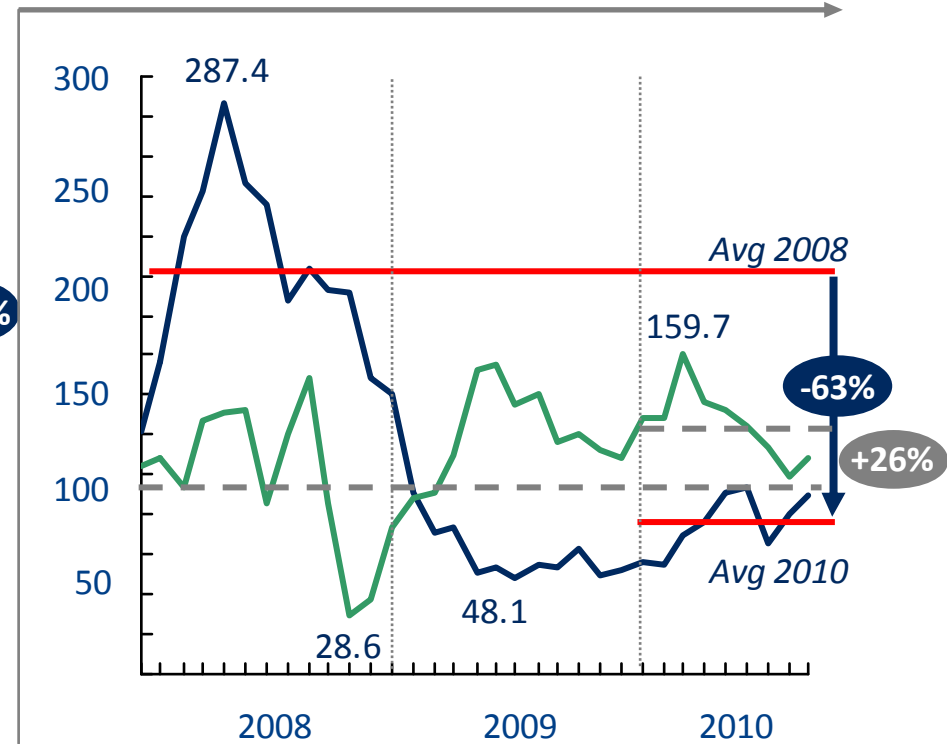
\$/barrel, monthly



Average oil price dropped 21% compared to 2008

### Crack spreads<sup>2</sup>

\$/t, monthly



Average Euro diesel crack spread dropped more than 60% since 2008...

...this drop was only partially offset in sales figures by the 26% increase in gasoline crack spread

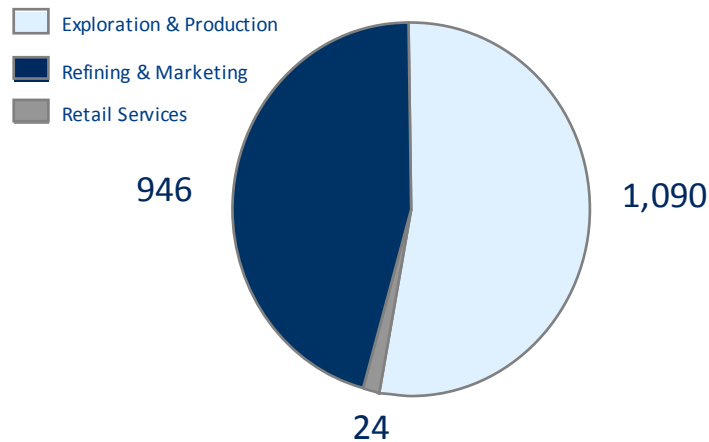
1 Brent oil price

2 NW Europe (Euro-diesel, gasoline)

## 2 Meanwhile INA managed to fully resolve overdue liabilities towards the state while overall CAPEX levels are adjusted to the current financial position

### Capital expenditure

HRK millions

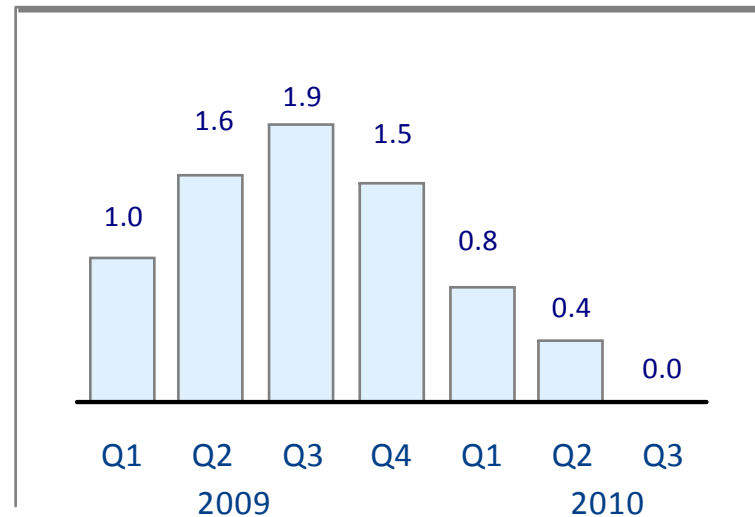


Resulting from heavy investments in recent years which were primarily focusing on securing future

- Key investment programmes (1<sup>st</sup> phase modernisation of Rijeka refinery and development of Upstream projects in Syria and North Adriatic), will be completed in Q4

### Overdue liabilities to the state

HRK billions

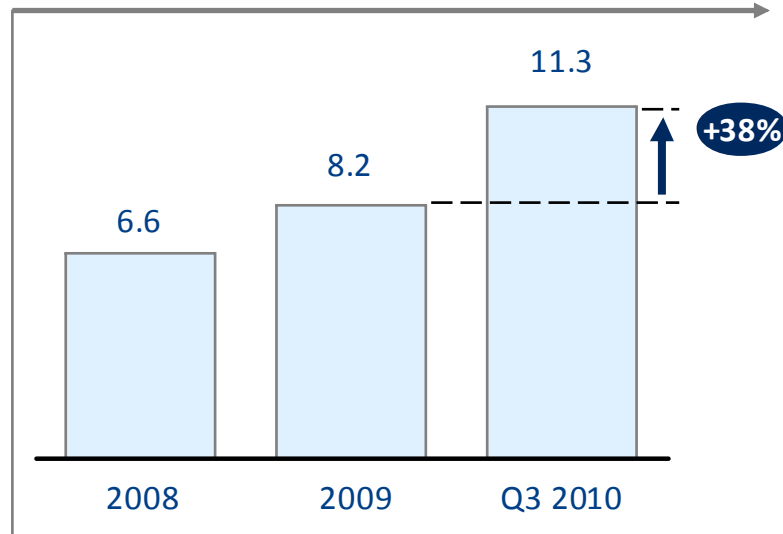


Related to repayment of overdue liabilities to the state HRK 221 million interests have been paid to the state budget representing around 0.2% of annual state budget of Croatia

**3** In parallel with repayment of debts debt level and gearing increased but expected to decrease within a short period of time

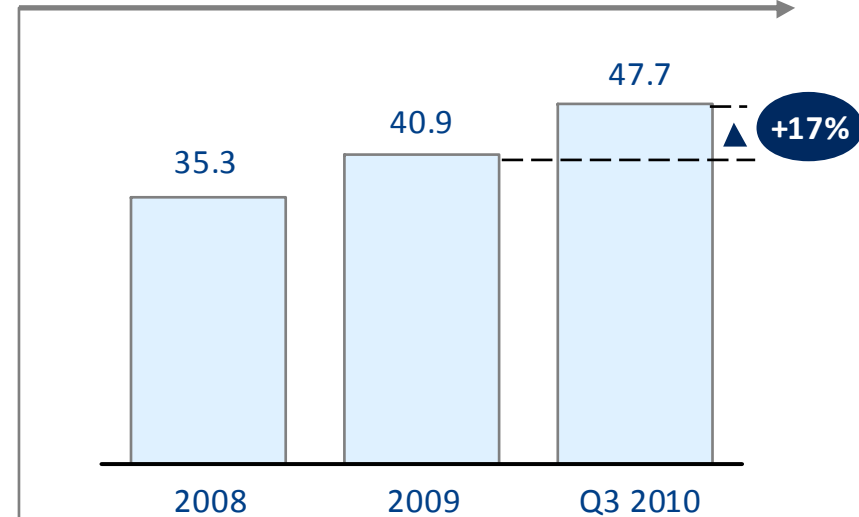
**Net debt of INA Group**

HRK billions



**Gearing of INA Group**

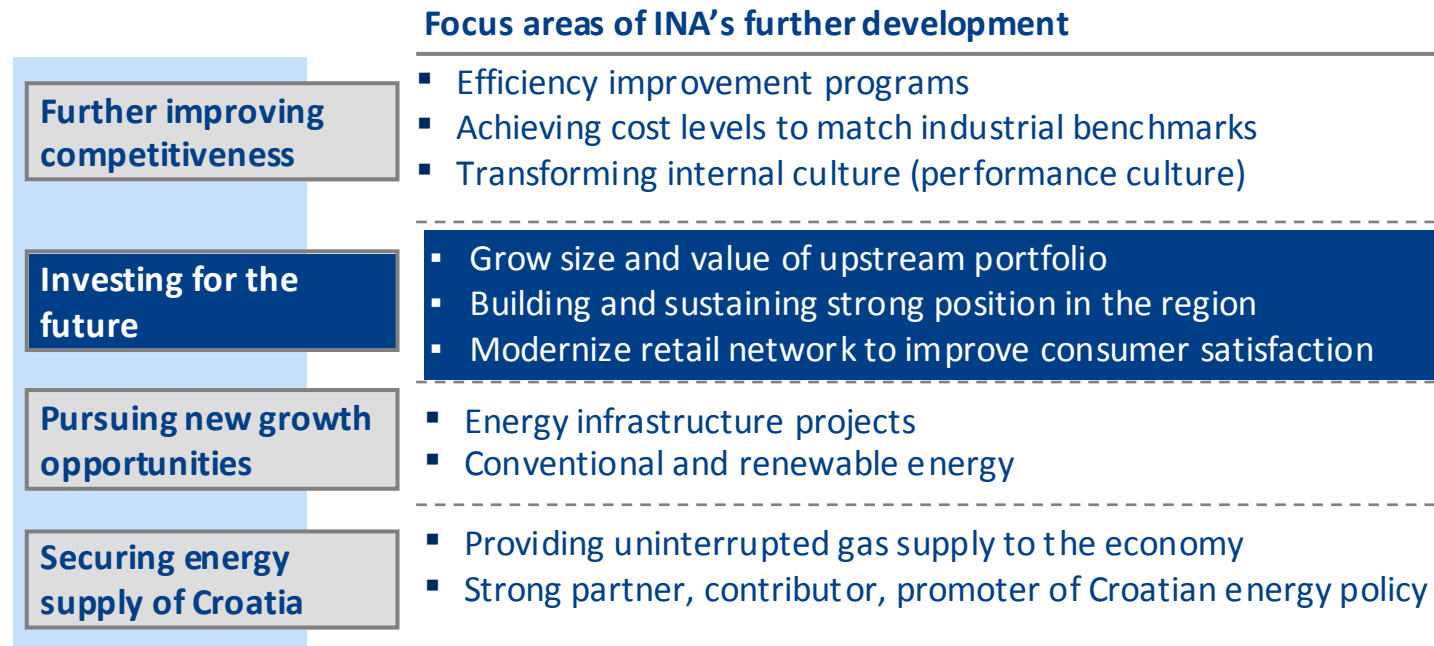
Percentage



INA Group net indebtedness increased by 38% since end of 2009 while gearing as at 30 September 2010 rose to 47.7% due to sustaining significant level of investments in key businesses and repayment of overdue liabilities

**We expect a healthy financial outlook for the upcoming periods which is already proved by INA's ability to raise sizeable new funds for the first time since 2008.**

## 4 Outlook: INA is already on a development path, that will make it the leading oil and gas company of the region that Croatia can be proud of



**Croatian economy, consumers, shareholders, stakeholders will be major beneficiaries of INA's development**