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| Corporate Communications  Av. V. Holjevca 10  Zagreb 10002  Tel: 01 6450 406  Fax: 01 6452 406 |  |

**PRESS RELEASE**

**Proposal of organizational changes in Sisak Refinery prepared**

**Zagreb, January 19, 2018 – Based on the approved Business plan for 2018, a proposal of organizational changes in RNS has been prepared which has been submitted to the Works Council for consultations.**

This proposal of organizational changes is in line with the results of the Deloitte analysis which were presented to the public last year and is based on the alternative solution which encompasses an increased transfer of semi-finished products between Sisak and Rijeka while operations of the FCC complex at the Sisak Refinery would be discontinued. This would enable better utilization of the conversion units in both refineries. We would like to reiterate that Deloitte analysis has shown, as have other previous analyses, that the conversion of the Sisak Refinery into a logistics centre is the most profitable solution economically speaking, as it would generate USD 93m in cash flow over the next three years, compared with the refinery’s current mode of operation. The proposed mode of operation of the Sisak Refinery operating without the FCC complex is step towards significantly minimising the losses generated by the Sisak operation. These changes do not include any other decision regarding the future of RNS: crude oil refining would continue in block mode as it is now, while secondary units would operate continuously, which was not the case so far.

Organizational changes encompass discontinuing operations of FCC in Sisak Refinery, which will lead to decrease of the number of workers required by max 40 during the second half of 2018. The potential redundancy decision has to be made by the MB and in that case we will try to redistribute workers to vacant positions within the company in line with business needs and employees' qualifications. If despite those efforts we do not manage to redistribute workers within the company, those workers will be taken care of and receive severance payments in amounts significantly higher than the Croatian average.

**About INA Group**

INA Group has the leading role in Croatian oil business and a significant regional role in oil and gas exploration and production, oil processing, and the distribution of oil and oil derivatives. INA Group consists of several affiliated entities, entirely or partially owned by INA, d.d. The Group is based in Zagreb, Croatia. Apart from Croatia, INA currently has business operations in the segment of oil and gas exploration and production in Angola and Egypt. The oil is processed at INA’s oil refineries in Rijeka and Sisak, while INA’s regional retail network consists of 494 filling stations in Croatia and the neighbouring countries.

**PR**

Avenija Većeslava Holjevca 10, Zagreb

Tel: 01 6450 552|Fax: 01 6452 406| @: [pr@ina.hr](mailto:pr@ina.hr)