

FINANCIAL RESULTS

Q1 2018

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INA: strong operating cash flow in Q1 2018

Key achievements

- ✓ INA Group's EBITDA¹ amounted to HRK 481 million
- ✓ Net debt at HRK 1,254 million and gearing is low at 9.8%
- ✓ CAPEX amounted to HRK 196 million
- ✓ In relation to 2017, domestic crude production registered a mild increase of 5% respectively

Zagreb, April 27, 2018 – INA Group revenues in Q1 2018 stayed at the similar level compared to Q1 2017, where the realized price increase offset the slightly lower oil and gas production volumes, amounting to HRK 3,705 million. CCS² EBITDA decreased slightly to the HRK 482 million level, but operating cash flow stayed strong at HRK 337 million in Q1 2018.

Exploration & Production benefited from the positive external environment with 29% higher realized hydrocarbon price and consequently EBITDA increased by 14% to HRK 732 million. Refining Marketing incl. Retail CCS EBITDA excl. special items in Q1 2018 turned to negative HRK (145) million. The less favorable environment together with planned maintenance activities, because of which Rijeka Refinery didn't operate, resulted in lower processing level in refining, which also impacted the total sales volumes. Retail fuel sales remained stable while the non-fuel sales continued to grow.

¹ EBITDA = EBIT + Depreciation, amortization and impairment (net)

² CCS (current cost of supplies) is a result adjusted for changes in the price of feedstock in a way that these expenses are calculated at single price at the end of the reporting period (regardless of price changes over the period).

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CAPEX amounted to HRK 196 million. At the same time net debt slightly decreased and amounted to HRK 1,254 million at the end of Q1 2018 with the very low gearing below 10%.

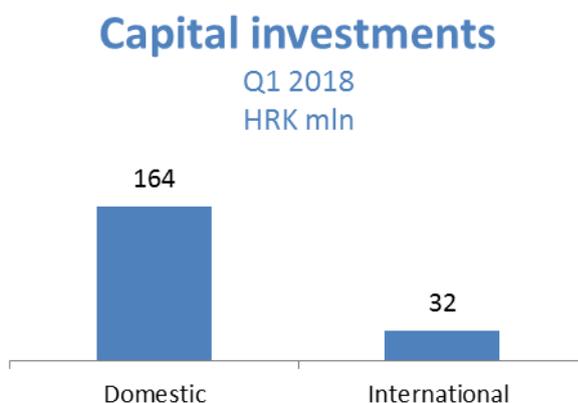
Statement of Mr. Zoltán Áldott, President of the Management Board of INA:

“INA Group operations in Q1 2018, with the revenues level similar to the same period 2017, represent a stable result within the volatile environment. Although the first quarter was marked by the favorable Brent environment of around USD 67 per barrel, the refining environment was weak with most of the crack spreads deteriorated compared to Q1 2017. Consequently, the Refining and Marketing results turned to negative, additionally pushed by the lower plant availability caused by maintenance activities in key refining plants in Rijeka. Retail volumes remained stable, while the non-fuel sales continuously grow, in line with the strategy of expanding the offer at INA Retail sites. On the other hand, Upstream achieved better results, where higher realized prices, combined with the continuous increase in domestic crude oil production, offset natural decline from Offshore fields. Also, exploration works on Drava-02 area are in progress as planned. Similar CAPEX levels and more than stable financial position represent a good starting point for future growth.”

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Operating results overview

- ✓ Group's EBITDA was HRK 481 million
- ✓ Operating profit amounted to HRK 65 million
- ✓ Capital expenditures reached HRK 196 million

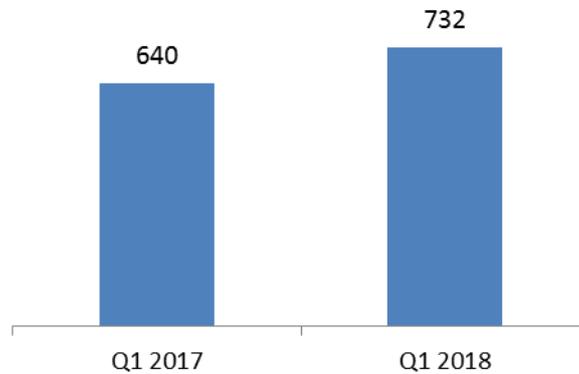


Exploration and Production – In Q1 2018, EBITDA reached HRK 732 million, 14% more than in Q1 2017. The 24% higher Brent price had a positive effect on oil and condensate sales revenues in the amount of HRK 223 million, while higher realized gas prices resulted in a HRK 65 million higher natural gas revenues. Domestic crude oil production is higher by 5% as a result of additional development projects and the EOR project, as well as start-up of two new wells in Hrastilnica. CAPEX amounted to HRK 127 million, out of which HRK 109 million in Croatia.

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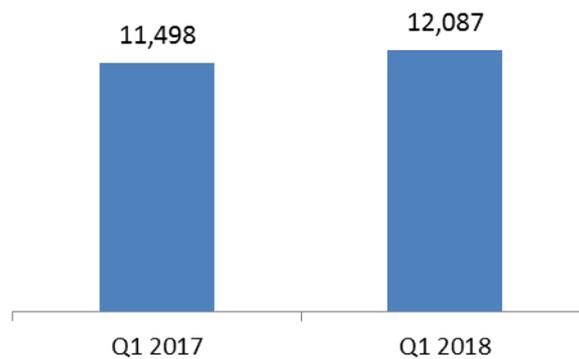
EBITDA

Exploration and Production HRK mln



Crude oil production

Croatia boe/d

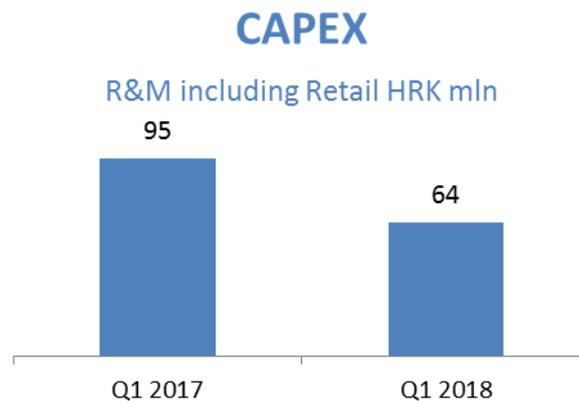


Refining and Marketing, including Retail – Q1 2018 revenues amounted to HRK 3,040 million, showing slight decrease by 5% compared to Q1 2017. The result was impacted by a number of factors: higher Brent price, less favorable external environment with lower gasoline and fuel oil crack spreads, partially mitigated by higher diesel crack spread. Also, planned maintenance activities in the refineries resulted in lower processing level and lower total sales volumes on both captive and other export markets. Total retail sales volumes stayed stable,

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with a significant contribution of the network in Bosnia and Herzegovina, supported by active sales of Class Plus fuels, including 100 octane fuel. Total Retail margin increased compared to last year period thanks to continuous expansion in goods, Fresh Corner concept implementation and development of new non-fuel related services.

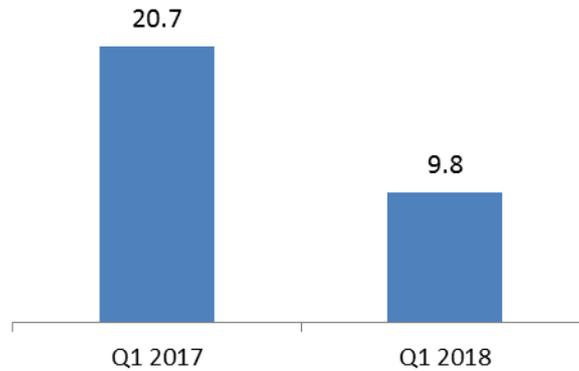
Total CAPEX amounted to HRK 64 million; HRK 51 million in R&M and HRK 13 million in Retail. On March 31, 2018, INA Group operated a network of 495 retail sites.



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Net gearing amounted to 9.8%, whilst net debt reached HRK 1,254 million.

Gearing ratio



Net debt

HRK mln



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