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**PRESS RELEASE**

**INA ready for new investment cycle**

**Zagreb, December 19, 2018 – Last week INA Supervisory Board granted prior approval for the 2019 business plan, and today, INA’s Management Board approved it. Both boards made the decisions unanimously. The plan consists of clear development goals for all of INA’s businesses and should enable the company to launch a new investment cycle, leading to changes and creating the base for a sustainable long-term future.**

INA is strongly focused on creating a solid base for a successful future of the company, founded on development of all the company’s businesses in order to make them individually sustainable and to keep the vertical integrated business model.

Upstream will maximally utilize all development potentials and cost-conscious production enhancement, building a sustainable portfolio on both the domestic and the international level. INA is focused on reserves replacement and profitable investments that will ensure return of the invested.

Retail will be focused on meeting the needs of customers – to provide them with a diverse portfolio of services, develop new products and expand the retail network in the Republic of Croatia and the region. INA will also pursue other potential viable businesses, extending the value chain.

When it comes to Refining & Marketing, which has so far generated on average HRK 1 bn cash loss per year, the new INA Downstream 2023 New Course program will be launched. It is a comprehensive program focused on ensuring sustainability and profitability of Refining and marketing operations, as well as the whole company through changes of the current downstream business model. The program would include concentration of the crude refining activity within Republic of Croatia in the Rijeka Refinery and, as a part of this move, conversion of the Sisak Refinery to an industrial site, as well as implementation of other Refining and marketing transformation projects in alignment with strategic directions.

Thanks to the investment in the DCU project reconstruction of existing units, a new port with closed petro-coke storage and increased overall complexity, the Rijeka refinery will become a top level European refinery. Total investments are worth more than HRK 4 bn, which would represent the single largest investment project in the history of the company. The final investment decision regarding the DCU project is planned for 2019, given that all the prerequisites that will assure return on investment will be met, while commission would be in 2023.

The Sisak industrial site will remain a valuable part of INA’s operations and INA will continue with business activities there, keeping its position as a major employer and investor for which it is necessary to change from loss making crude oil processing to viable alternative industrial activities. The alternatives would include the development of bio-component refining and petrochemical production conditional to viable business case, and positive development of EU and Republic of Croatia legislation. It would also include a modern logistic hub, bitumen, renewables, lubricant production or other sustainable and economically viable operations. The company is focused on keeping as much work force as needed in line with actual business needs and stresses that there will be no-non voluntary redundancy program next year. INA will be a responsible employer, and have a constructive dialog with its social partners. Therefore, it is ready to consider keeping the salaries and material rights for all employees for some time and offer them different job positions in the company, prequalification, severance payment significantly higher than the Croatian average, and the INA Collective agreement.

The program implementation is expected during 2019, after all necessary decisions are made. With the implementation of all the activities covered by this program after 2023, INA expects an average yearly EBITDA increase by HRK 1+ bn.

**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 500 retail sites in Croatia and the neighboring countries.

**PR**

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